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Weekend February 9/February 10 1991

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WORLD NEWS

Mandela hits at EC move on sanctions

Nelson Mandela threatened yesterday to turn South Africa upside down "unless the European Community revoked its decision to start lifting economic sanctions against Pretoria."

The deputy president of the African National Congress complained that the ANC had been consulted about the EC move earlier. "Once our people realize they have no friends in the international community it will be very difficult to control them, so angry will they be," Page 22.

Lithuanian referendum
Lithuanians in the rebel Baltic republic are voting on the issue of independence today in defiance of Moscow. Latvia said it, too, would boycott Moscow's poll on Soviet unity and hold its own independence referendum. Page 4

UK security review
Tighter security measures are almost certain to follow Thursday's IRA car bomb attack in Whitehall. The likelihood is greater police protection for politicians, and parking curbs near government buildings. Page 5

Misconduct charges
Britain's most senior police-woman Alison Helford, assistant chief constable of Merseyside, is to face charges of serious misconduct, Merseyside police authority said. She will answer the charges before a one-woman disciplinary tribunal. Page 5

Israel bus attacked
Three Jordanians were killed by Israeli troops after attacking a bus carrying Israeli soldiers. Two soldiers were wounded in the gun battle. Page 2

Action on homeless
Charities urged the government to declare a "housing emergency" to stop the homeless wandering city streets in icy conditions. The call came as the government announced another 200 beds in London. Junior environment minister Tim Yeo said the situation in the capital was being reviewed by the hour. Page 2

Albanian reforms
Albania announced plans for a law taking the army, police and courts out of communist control. The plan meets one of the main demands of Albania's opposition.

Bomb-planters jailed
Belfast couple Patrick Joseph Sheehan, 32, and Maria Wright, 30, were jailed for 24 years each in Northern Ireland for attempting to murder members of the security forces. They were caught in 1989 planting a bomb on a security barrier near a police station.

Sid Barre 'in control'
Ousted Somali president Mohamed Siad Barre, who fled from the capital Mogadishu last month, still controls most of the country and is seeking backing for peace talks, one of his ministers said. Page 3

Hospital attack
Police in Northern Ireland launched a search for a man who indecently assaulted an eight-year-old girl in a hospital bed in Omagh, County Tyrone. He fled after being spotted by two nurses on night duty.

Ritz not to blame
North London accountant Anthony Ward, who fractured his skull falling over a balaclava at The Ritz, lost his £1m High Court damages action against the London hotel.

MARKETS

STERLING
New York lunchtime: \$1.9875
London: \$1.9875 (1.997)
DM2.695 (2.697)
FF9.6575 (9.67)
SF2.4725 (2.4725)
Y254.0 (255.5)
£ Index 94.2 (94.4)

GOLD
New York: Comex Apr.
\$372.4 (370)
London: \$370.25 (368.26)
IN SEA OIL (Argus)
Brent Mar \$19.975 (20.12)

Chief price changes
yesterday. Page 22

BUSINESS SUMMARY

EC boost for trouble-hit airlines

Europe's troubled airlines were lifted by news that the European Commission is willing to relax temporarily a range of regulations, including capacity-sharing and state aid.

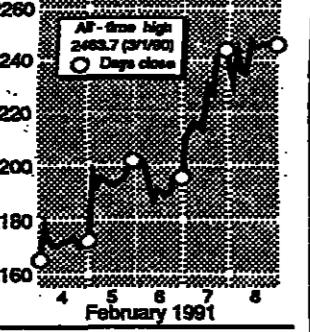
Sir Leon Brittan, EC competition commissioner, outlined the moves, designed to help airlines through the drop in business caused by the Gulf war. Page 22; Airbus expects 50% fall in orders, Page 4; Lockheed set to take control of Luton airport, Page 5

FIMBRA, UK self-regulatory organisation for independent financial advisers, announced 40 redundancies, a fifth of its workforce. In a statement, it said an overhaul of the regulatory system was needed to put it on a firm financial footing. Page 22; Editorial Comment, Page 8; Fimbra failure would alter the face of an industry. Page 5

THORN-EMI, UK music, lighting and defence group, made an offer for control of Thames Television, largest UK independent television company. The offer values Thames at £124.1m and £148.9m. Page 22; The rapids are past, the waterfall's ahead, Page 7; London stocks, Page 13

LONDON EQUITIES ended a highly successful, two-week trading account in good form, with the FT-SE Index closing

FT-SE 100 Index
Hourly movements



up 1.5 points at 2,245.2. Stocks consolidated their recent gains with turnover only moderately affected by the severe weather problems. Over the last week, the index gained 75.5. London stocks, Page 13; World stocks, Page 19; Fragile optimism in the face of pain, Weekend FT, Page 2

The London Stock Exchange dealings page will be resumed on a weekly basis in the near future.

LEGAL & GENERAL, UK life and general insurer, warned that its 1990 results could be worse than expected. Analysts now expect pre-tax profits of about £70m. Page 7; London stocks, Page 13

TOKYO MOTOR, largest Japanese car manufacturer, saw half-year pre-tax profits fall 9.6 per cent to ¥298.1bn (£1.17bn). The decline, the first since 1986, came as a slowdown in domestic sales and increased costs hit earnings. Page 10

AUSTRALIAN KERRY Packer's Consolidated Press Holdings seemed to rule itself out of the bidding for the John Fairfax newspaper group after undertaking to keep a 38 per cent holding in the Channel Nine television network. Page 10

MIDLAND BANK introduced a £10 charge on its Access and Visa credit cards. To compensate it has cut its rate to borrowers from 2.35 per cent a month to 2 per cent a month. Page 5

LONDON METAL EXCHANGE: Due to the adverse weather conditions there was no afternoon session on the exchange.

Central banks spend \$500m to prop dollar

By Peter Marsh, Economics Staff

CONCERTED intervention to support the dollar by European and North American central banks yesterday succeeded in blunting a wave of selling pressure in the past few days to reduce the currency's value.

Yesterday's operations in buying dollars are thought to have involved about 15 central banks, which spent an estimated \$500m to stop the US currency's fall.

The efforts appeared to be aimed at setting a floor for the US currency against the D-Mark at around DM1.45.

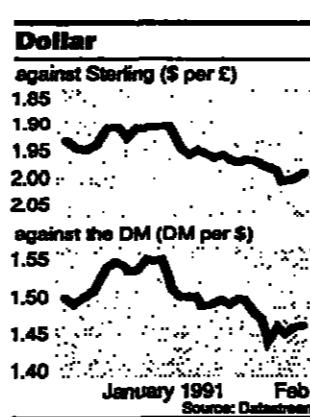
They were reversed last night as the US currency closed in London at DM1.4565, about half a pfennig up on the day and above Thursday's record low of DM1.4467. It had closed last Friday at DM1.4675.

Many traders believe pressure will continue. "Investor perceptions about the dollar are deep rooted; the central banks might have to do a lot more to pull it up," said Mr David Brown, an economist at the London office of Swiss Bank Corporation.

Yesterday's intervention ended a turbulent week in which central banks have made their most vigorous effort since late 1989 to act together to influence the value of a currency on financial markets. The 1989 move had been to try to cut the dollar's value.

Pressure on the dollar started on Monday, triggered by a cut in US interest rates and a rise in German rates at the end of last week. That led currency investors to switch out of the dollar into the D-Mark in a move strengthened by expectations that further cuts in US rates are likely in the next few months as the Federal Reserve tries to reduce the impact of the recession.

The Fed was active in the intervention yesterday, supported by the central banks of



Source: Datamonitor

Germany, Britain, Italy, France and Canada - five other members from the Group of Seven industrial countries.

As in earlier operations, Japan, the other G7 nation, did not join in. However, the central banks of Ireland, Norway, Denmark and Finland participated for the first time, while Austria, Belgium, the Netherlands, Spain, Portugal and Greece also took part.

In earlier interventions, the Fed and the Canadian central bank had acted alone on Tuesday and Thursday, while European banks joined the effort on Monday and Wednesday.

The battle over the dollar's value had little overall impact on sterling. As speculation continued about an imminent reduction in UK base rates, the three-month interbank rate closed 1/4 lower at around 13/4 per cent, its lowest since late November, signalling expectations of easier borrowing conditions which some believe could come as early as next week.

US credit crunch, Page 3

Man in the News, Page 8

G7 on \$ depreciation, Page 9

Currencies, Page 11

London stocks, Page 13

World stocks, Page 19

Lex, Page 22

Iraq's fighting capacity cut by up to 20%, says King

By Paul Abrahams in London and Tony Walker in Riyadh

IRAQ'S fighting capacity has been reduced by 15 per cent to 20 per cent since allied forces established air supremacy 10 days ago, Mr Tom King, the British defence secretary, said yesterday.

This is the most detailed assessment of the effects of coalition bombing in more than 52,000 sorties since Operation Desert Storm was launched on January 17. It comes when allied commanders and their political masters are considering how and when to begin any ground offensive to dislodge the Iraq from Kuwait.

Yesterday Mr Dick Cheney, US defence secretary, and General Colin Powell, chairman of the US joint chiefs of staff, began a series of meetings with allied theatre commanders during a 48-hour assessment of the progress of the war.

Mr King will go to Washington next week to co-ordinate allied planning on Mr Cheney's return from Saudi Arabia.

No land assault would be launched, he said, until the military balance had been further adjusted. British sources have indicated that a ground attack was unlikely until the

Iraqis' fighting capability had been reduced by 50 per cent.

As many as 600 tanks had already been destroyed by allied bombardment, Mr King said, and the fighting capability of one of the eight Republican Guard divisions had been reduced by 50 per cent.

He added that allied warplanes had moved to a second phase of bombardment, specifically aimed at destroying the Iraqis' offensive armour capability and reducing the mobility and resupply of their forces in around Kuwait. Phase one had concentrated on destroying Iraqi strategic targets, mostly inside Iraq, and gaining air supremacy.

"The pace of attacks will accelerate," Mr King said. "The forces in the front line will see a vast increase in the concentration of bombardment aimed

Continued on Page 22

Saab Auto losses hit £425m

By Kevin Done in Trollhattan and Robert Taylor in Stockholm

SAAB AUTOMOBILE, the Swedish car maker, has plunged into a Skr4.61bn (£425m) loss for last year and is to close out around two thirds of the company's original Skr6.9bn equity-bearing shareholders' equity and will force a capital restructuring later this year.

The increase in losses, up from Skr1.1bn in 1990 and a marginal profit of Skr1.5bn the year before, stemmed from falling sales and lower plant capacity utilisation. Saab car sales fell by 14.8 per cent to

93,231. At their peak in 1986 they totalled 127,180.

Both GM and Saab-Scania, the Swedish truck and aerospace maker, which each hold 50 per cent of Saab Automobile, are expected to have to inject new capital to support the company's ambitious product development programme.

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EC prepares post-war plan for Middle East

By David Buchan in Brussels and Lionel Barber in Washington

THE European Community hopes to put forward a plan embracing peace, security and the economy in the Middle East to Arab and Israeli counterparts later this month. Mr Jacques Poos, the Luxembourg president of the Community, said yesterday.

Foreign ministers of the 12 EC states will thrash out the proposals on February 15. But Mr Poos said that Mr Yasser Arafat, leader of the Palestine Liberation Organisation had made "all official contact" difficult because of his backing for President Saddam Hussein of Iraq.

The comments by Mr Poos came in a French newspaper interview yesterday after political directors of the Twelve had met on Thursday to consider European Commission proposals for a European initiative for the Middle East.

There were indications that the Community would be ready to co-operate with the US on American proposals revealed earlier this week for a new Gulf security system and regional economic restructuring after the war, including the setting up of a development bank for the Middle East.

Mr Poos, the foreign minister of Luxembourg, which currently chairs EC discussions, has invited Mr James Baker, the US secretary of state, to Europe as soon as possible.

The EC Commission said yesterday that Mr Baker's suggestion for a development bank could mesh in easily with Brussels' idea of drumming up another "Group of 24" collection of international aid donors, as has been done for eastern Europe.

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THE GULF WAR
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study the European proposals in detail, but there is a trace of apprehension in Washington. This goes beyond gentle rivalry to whether the Europeans will pressure the US to "deliver Israel" to the bargaining table in post-war efforts to resolve the Palestinian question.

The Commission is also proposing EC economic accords with Iran, and possibly with post-war Iraq, as well as normalising diplomatic relations with Libya and opening an EC office in Saudi Arabia — in addition to existing aid plans for the Maghreb states of northern Africa, the Gulf and Turkey.

Jordan, hard hit by the UN embargo against Iraq, remains a problem because of its pro-Baghdad stance. Saudi Arabia refused to contribute financial aid, while the US this week announced it was reviewing all of its economic aid because of an inflammatory speech by King Hussein which appeared to abandon Jordanian neutrality in the war. Yesterday, the White House said the king had clearly aligned his country with Iraq and accused him of aiding Iraqi attempts to inflame Arab opinion against the US.

Mr Poos reiterated the Community's long-standing position that the Palestinians have a right to self-determination. The EC has also long endorsed an international peace confer-

ence on the Palestinian issue. But an EC diplomat said this week the Community did not want "to trap itself into a single idea". He forecast that if an Israeli boycott rendered such a conference useless, the EC would be ready to back more narrowly focused diplomacy, favoured by the US and Israel in the past.

The US reconstruction plans outlined by Mr James Baker, US Secretary of State, include the creation of a multinational Middle East development bank, similar to the bank set up to help eastern European countries.

Separately, Congress is registering concern about whether the US would contribute to a multinational bank which in turn would fund countries such as Syria, still designated as a state sponsor of terrorism.

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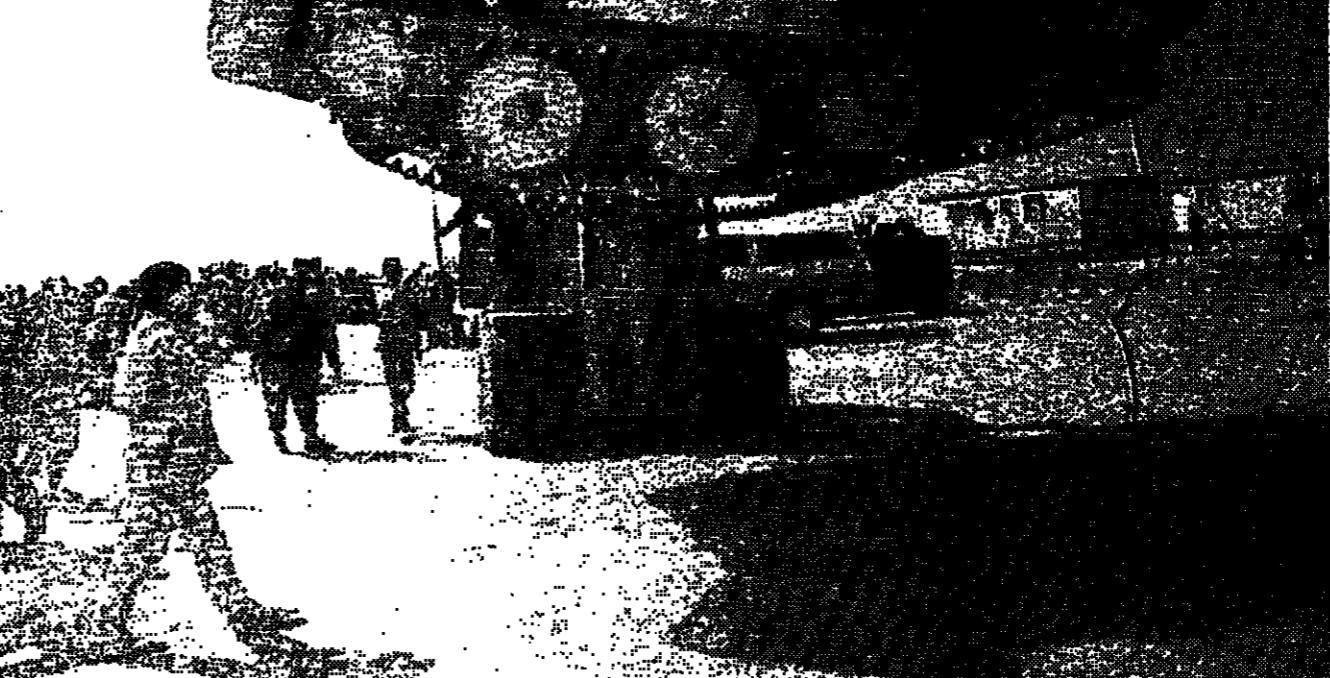
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A damaged Iraqi armoured personnel carrier is removed by Saudi troops with a forklift truck after last week's fighting at Khafji.

US 'aim is control of oil reserves'

By John Lloyd in Moscow

THE US aim in the war against Iraq is to control the world's main oil reserves, allowing it to dominate its competitors in western Europe and Japan in the future, the Soviet Communist party newspaper Pravda said yesterday.

The newspaper, which now gives increasing space to hard-line views, said leading Soviet figures were now calling for a reassessment of "the US presence on the world community."

The comments, by Mr Vsevolod Ovchinnikov, are notable for the relatively reasoned tone of its opposition to allied military, eschewing merely dogmatic denunciation. In particu-

lar, he seeks to represent the war's unstated aim as being that of gaining an edge on allies who have more successful economies.

He says: "I fear that this (the allied forces) might turn into a neo-colonial force with quite different aims — to gain a key position in the struggle for energy resources and thus to assist American monopolies to gain a dominant position in the world economy."

In a further article in the hard-line daily Sovetskaya Rossiya, Major General Igor Yevsteyev criticised US attacks on Iraqi chemical plants, opposed the exchange of data on chemi-

cal warfare between the US and the Soviet Union and said that the only defensive route open to Iraq was missile strikes on the cities of the states which were part of the anti-Iraq coalition.

Mr Vitaly Churkin, the foreign ministry spokesman, called General Yevsteyev's comment on missile strikes "a provocation" — though he said he "shared his concern" on attacks on chemical plants on environmental grounds.

The commentaries reflect a strong current of opinion in the Communist party and the armed forces — though it is by no means a universal one. In

an interview with the Financial Times this week, Colonel Viktor Alksnis, leader of the generally hard-line "Union" group in the Soviet parliament and a strong critic of liberal reform indicated that he was not against the allied intervention.

A spokesman for the US embassy in Moscow said last night that: "This is not an isolated example — other people have expressed it. It causes us some concern, but we are reassured that Foreign Minister (Alexander) Bessmertnykh has reaffirmed basic support for all 12 UN resolutions on the Gulf."

Yesterday morning deserters came across at the border town of Rum, hungry and with stinking unwashed clothes. He arrived clutching an allied propaganda leaflet showing an American B-52

An oil slick forced Saudi Arabia to shut its first desalination plant yesterday, AP reports from Bahrain. The small plant at Safinah was closed before oil entered its intake valves.

The plant supplies water to employees of Saudi Aramco, the oil company, and is likely to reopen soon.

dropping its bombs. "Now the choice is yours," said the slip of paper. "Accept the offer of the coalition forces to save your life." Hundreds of the leaflets fly across no man's land on the north wind.

The Iraqi border post bears the scars of an Iraqi artillery raid earlier in the war. One Iraqi shell punched a hole in the roof of the mosque and shattered its windows.

Although three weeks has passed since the first allied PoWs were taken, the ICRC had still not been officially informed, Dr Sommaruga said.

The ICRC president, who has been in London for talks with the British government, said he was extremely pleased with the support the government was giving to the Red Cross. He said Britain was to make a £2.5m contribution to Red Cross work in the Gulf area.

The Egyptians themselves lie in wait in an abandoned fort, discussing the relative merits of their M-60 tanks and the Iraqi T-54s and showing a healthy respect for the abilities of the distant Iraqi Republican Guards.

Lieutenant Mohammed Musafa, a psychiatrist who is headed for King's College, London after his three years of military service, is working in the army as a doctor.

"We're not training any more," he says. "Now we are waiting. Some people have phobias about the war, but I used religion to help them: we are fighting for justice and defending the holy places."

There is no grudge among the Iraqi people, only against President Saddam: "We are defending our borders and we are doing our best so that the day will come when we restore the freedom of Kuwait," said General Abdul-Aziz Alshabani, the Saudi second in command of the allied Arab forces, who paid a surprise visit to Rum yesterday. "We are not here to kill people but if they kill us we call them the enemy."

The British foreign secretary is also expected to meet allied commanders in Saudi Arabia, including Mr Richard Cheney, US defence secretary.

● Iraq formally broke off diplomatic relations with France yesterday, Reuters reports from Paris.

This was the first formal severing of ties since Baghdad Radio said on Wednesday that Baghdad would break relations with the US and its closest coalition allies.

Mr Abdul Razzak al-Hashimi Al-Hashimi, the Iraqi ambassador, said he would leave France at the end of next week.

The Iraqis in this flat show sadness towards the British or Americans, no desire for revenge. Fatin and Assad say they are met with sympathy and understanding from most Britons they meet. But it is still confusing and more than a little frightening to live in a country which is effectively at war with their own.

The prospect of interment lurks at the back of their mind, but more real is the fear that the publicity surrounding the detention of a small number of Iraqis for national security reasons might convince some elements of British society that all Iraqis are dangerous.

"Sometimes when I walk in my city I am afraid that someone will attack me, because of national security," Fatin says.

On point all the Iraqis gathered in the flat are agreed: they will return to Iraq, but only if both Mr Saddam and the Ba'th party are removed from power. The real fear is whether there will be anything left to go back to.

Unequal comforts of the frontline

By Victor Mallet on the Saudi-Kuwait border

THIS is, for the time being at least, a most unequal war. From the Egyptian observation posts on the Saudi-Kuwait border you can hear the repeated thump of bombs raining down on the Iraqi army a few kilometres to the north, and see the occasional silver gleam of an American fighter-bomber in the sky.

But on the allied side of the line, Egyptian troops are facting into their Friday-line, enjoying the comfort of the comes with air supremacy.

While allied pilots through Iraq's supply lines by highway and railway in the roads of Iraq and Kuwait, the logistical machine to feed and fuel the planned allied ground offensive proceeds unhampered.

Convoy after convoy of transports and trucks carrying tanks, armoured cars, ammunition, fuel — and even makeshift shower vehicles for the troops — moves inexorably north. An ammunition truck has exploded and several transporters with broken axles are discarded on the verge, but the convoys roll on. A scruffy Bedouin girl by the side of the road smiles and raises her hand in a V-for-victory sign.

The Iraqis, too, seem to sense they are fighting a losing battle. Each night they also across the lines in ones and twos and fours, evading their Ba'th Party minders and their own minefields to emerge in daylight and surrender to the Egyptians.

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Angry Jordanians unruffled by threatened loss of US aid

By Mark Nicholson in Amman

ANY pinch Jordan feels as a result of Washington's decision to review its economic assistance to the Kingdom is more likely to be felt politically than economically.

However, given the strength of anti-American feeling in the country, a sentiment which is souring daily, there would appear to be little more political damage the US could inflict.

Widespread fury at US air raids on Jordanian oil tankers in Iraq brought 3,000 demonstrators onto Amman's rainy streets yesterday. A rowdy auction of what was claimed to be a piece of a shot-down US aircraft took place in a Palestinian camp near Amman, and the funds sent to Iraq.

Western diplomats in Amman believe that King Hussein was prompted this week to make his most outspokenly pro-Iraq speech of the crisis by the heightened feelings over the tanker raids — coming amid already deep Jordanian concern over levels of civilian casualties in Iraq.

Although US aid had tradi-

tionally gone mostly into grain imports and military training programmes, Jordan is likely to be able to find replacement donors. Already, Japan and the EC have promised \$700m and \$230m respectively. Canada, Taiwan and some European countries are also promising aid for this year which would amount in total to the sum of likely US lending.

But given Jordan's economic plight, the loss of any aid donor is unwelcome: "We're managing by the skin of our teeth just now," Mr Michel Marto, the Central Bank's deputy governor said this week.

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INTERNATIONAL NEWS

Tokyo candidates take off the gloves to slug it out for governorship

The ruling LDP's determination to get rid of Governor Suzuki has created an embarrassing split in the party, writes Robert Thomson

AFTER politely brutal preliminaries, four candidates were left standing last night in the campaign to be Tokyo's governor: a wrestler turned politician; a television personality; a communist promising to be "gentle like a sheep"; and the 80-year-old incumbent.

Recent elections for the powerful post have been relatively humdrum, with the present governor, Mr Shunichi Suzuki, drawing support from most parties during his 12 years in office. This time, Japan's ruling Liberal Democratic Party (LDP) is backing two candidates and a split with the local branch has become a national embarrassment.

Voting is not until April, but the backroom bickering has continued for almost a year, and reached a peak this week with Governor Suzuki formally announcing that he will stand again. Then the televi-

sion host and the former wrestler entered the ring, the latter having been prompted by "a message from God".

In some ways, Governor Suzuki has been the country's most influential individual as he has not been a captive of LDP factions, unlike most Japanese prime ministers. He rules over 12m residents, with several million more office workers commuting to the capital each day, and he has exercised immense power over the renovation of the city.

But the LDP leadership decided that the governor should stand aside for the television personality, Mr Hisanori Isomura, 61, who is preferred by opposition parties that the LDP is cultivating. The national parliament LDP leaders have masked this motive by arguing that the governor, who appears remarkably vigorous, is simply too old and may wait before the four

year term ends.

Until this week, much of the backstabbing had been done in private, but the LDP has gone public with its frustration over Governor Suzuki and its displeasure with

the Japanese press has drawn attention to the wife of the building's architect, who has been dubbed "Imelda", as in Imelda Marcos of the Philippines, for her alleged influence on city politics.

He is seen as a touch eccentric, but is also regarded as a "man of action", a stark contrast to the public perception of the average Japanese politician.

Mr Inoki, who left Tokyo yester-

day to visit Pope John Paul II and, perhaps, Iraq's Saddam Hussein, said that "wherever there is confusion, there is a role for me". However he has personal reasons for tackling Mr Isomura, having never forgiven the commentator for dismissing his contest with Ali as a farce. Inoki spent most of the bout on his back, fending off Ali with his feet.

"When I saw Isomura's face on television, I felt an anger, and then I decided to stand. If you look at

Isomura's face, you can see he is not a serious politician," Mr Inoki said.

The presence of the quotable, photogenic Mr Inoki has ensured that the coming weeks of the campaign will be a national event, and that the embarrassing LDP rift is highlighted for all to see. It will also put pressure on the ruling party's leaders to take public responsibility if their candidate fails.

Fame is also in Mr Isomura's corner, as he is known to most Japanese as "Mr NEIKI" for his high-profile work at the national broadcasting station. His face has become a symbol of Japan's embrace of "internationalism", a tag he wears proudly on the sleeve of a Pierre Cardin suit.

Mr Isomura has suggested that if he were not in television, he could earn a living with his French language skills. He has also written several volumes about life generally

in a series loosely translated as "A Touch of Sophistication."

He is personally close to LDP factional heads, and married into a corporate network that includes executives at Ajinomoto, Japan's largest food processor, and Showa Electric Wire, a wire and cable company in the Toshiba group.

"I used to think that I would like to remain a reporter all my life, but have now decided to run and will do my best. I want to create a beautiful international Tokyo," Mr Isomura promised, with the prime minister, Mr Toshiki Kaifu, beside him.

While the candidate conceded that Governor Suzuki's work has been "excellent" and that the campaign will be conducted "respectfully", the governor himself preferred to use fighting words.

"Now that these things have come to pass, I will face the fight in a scrum with the various organisations and people who support me."

Concern rises as US credit crunch worsens

By Michael Prowse in Washington

THE US "credit crunch" - the apparent unwillingness of banks to lend - is still worsening, according to the latest survey of bank lending practices by the Federal Reserve, the US central bank.

The Fed said a survey of senior loan officers in January indicated "a further overall tightening of business lending standards and terms in the last three months."

Concern that the unwillingness of banks to lend is exacerbating the recession has prompted a loosening of US monetary policy in recent months, culminating in last week's half point cut in the discount rate to 6 per cent.

The survey shows that about a third of domestic banks tightened credit standards for approving commercial and industrial loans in the final quarter of last year. But there are signs that the pace of credit tightening may be slackening - a previous survey covering the third quarter found that nearly 50 per cent of banks had imposed stricter terms on borrowers.

However, the pace of credit tightening appears to be still accelerating at the US branches of foreign banks. But a number of small and medium-sized companies had to postpone borrowing and spending plans.

Banks face 25% rise in deposit insurance

By Peter Riddell, US Editor, in Washington

US BANKS are likely to have to pay at least 25 per cent more in the premiums they pay to the federal deposit insurance fund to help ensure its solvency in the face of a wave of bank losses.

The Federal Deposit Insurance Corporation is due to meet later this month to consider how to recapitalise the fund which is under severe pressure and could be totally depleted by the end of this year if the recession deepens.

Mr William Seidman, chairman of the FDIC, has said the size of the premium increase will depend on how much it decides needs to be borrowed and hence on what flow of income will be required to service any loans. The FDIC may need additional borrowing authority.

Premiums were raised at the

beginning of this year from 12 cents to 15 cents for each \$100 of deposits.

If the bank insurance fund needs to borrow \$10bn this might involve a premium increase of between 3.5 and 4 cents, but if, as is more likely, borrowings of \$15bn are required, then the rise may have to be 5 or 6 cents. This is the maximum which he believes the banks could reasonably handle.

Talks between the FDIC and the Treasury and the banking industry are aimed at reconciling the need to avoid a direct call on taxpayers and squeezing the banks excessively.

Mr Seidman has also made plain his opposition to several aspects of the Treasury's bank reform plan, notably the proposed shake-up of regulatory agencies.

Mexico's inflation rate edges down in January

By Damian Fraser in Mexico City

MEXICO'S consumer prices rose by 2.5 per cent in January, bringing the increase in the past 12 months to 27 per cent, down from 29.9 per cent for the whole of 1990.

The price increase is slightly down on December's rate of 3.2 per cent, and is well below last January's increase of 4.8 per cent. January and December are traditionally high inflation months in Mexico, as prices tend to be adjusted at the end or beginning of the year.

This year's January rate was pushed up by increases in telephone charges.

The government has forecast that the inflation rate will fall to 14 per cent in 1991.

However, 1990's inflation rate turned out to be almost twice as high as the official forecast, partly thanks to the fall in the US dollar, to which the Mexican peso is linked. If the dollar continues to drop, this year's forecast is also likely to be off mark.

Somali president 'still controls country'

DEPOSED Siad Barre, who fled the capital Mogadishu last month, still controls most of the country and is trying to rally support for peace talks, one of his ministers said yesterday. Reuter reports from Nairobi.

The president retreated from Mogadishu and is now touring the regions. He's still legal president," said Mr Abdullahi Jaha Barre, a cousin of Siad Barre and de-

fined prime minister in his ousted government.

Mr Jama Barre, who was also finance minister, said Mr Siad Barre was now in Bay region, about 240km south-west of Mogadishu, together with more than 15 ministers and other senior members of his government.

His claims that Siad Barre

controlled most of the country

appeared exaggerated.

Rebels of the United Somali

Congress (USC) overran

Mogadishu on January 27 after a month of fierce fighting and forced Mr Siad Barre, in power since a 1969 coup, to flee the city.

The USC, one of three main rebel groups which fought for several years to depose Siad Barre, has taken control of the city and appointed as interim president Ali Mahdi Mohamed, a Mogadishu businessman.

Mr Mahdi Mohamed last week appointed an interim cabinet, saying he planned to call

in all of Somalia's former opposition groups to form a broad-based administration.

The three rebel groups - the USC, the Somal National Movement and the Somali Patriotic Movement (SPM) - controlled much of the country before the USC began attacking Mogadishu in late December.

Factions of the USC and of other rebel groups abroad have protested over the appointment of Mahdi Mohamed.

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Two men narrowly save themselves from being swept away in floods which hit the Australian town of Inverell

S Korean shipyard hit by strike over pay

By John Riddell in Seoul

THOUSANDS of workers at Daewoo Shipbuilding and Heavy Machinery, South Korea's second largest shipyard, went on strike yesterday in support of demands for higher pay and better working conditions.

The strike comes amid fears that inflation and last year's relatively low wage settlements could prompt turbulent

wage bargaining in South Korea this year.

It is the latest in a series of disputes which have disrupted production at the shipyard since the mid-1980s.

A spokesman for the union which represents about 10,000 of the company's 11,570 workers said the strike was prompted by failure to agree the level of bonuses, its opposi-

tion to the "no work, no pay" principle and introduction of family allowances.

The company said that it did not expect the strike to last long and that labour and management would continue negotiations until February 15, the day before the start of the lunar new year holidays.

About 50 radical workers

occupied a 34-storey crane at

the shipyard, which is situated in Koje Island, off Korea's southern coast, according to Yonhap, the South Korean news agency. Striking workers have also built barricades at several of the shipyard's entrances.

Daewoo Shipbuilding and Heavy Machinery is part of Daewoo Group, one of Korea's four largest conglomerates.

NEWS IN BRIEF**Chandra Shekhar rules out early poll**

INDIA'S prime minister, Chandra Shekhar, yesterday ruled out early elections, Reuter reports from New Delhi. There has been speculation in India, which has had three governments in the last two years, that former prime minister Mr Rajiv Gandhi's Congress party may withdraw vital parliamentary support from Mr Chandra Shekhar's minority government because of disagreement on several issues, including India's stand on the Gulf War. The Congress party has criticised the government for allowing refuelling facilities to US military aircraft in India.

Malaysian inflation rate up

Malaysia's consumer price index rose an average of 3.1 per cent in 1990, accelerating slightly from the 1989 rate of 2.8 per cent, the government statistics department said yesterday, AP-DJ reports from Kuala Lumpur. Month-on-month inflation grew more sharply in December at 4.1 per cent from December 1989, driven by seasonal food price increases and by tax-related price hikes for alcoholic beverages and tobacco.

Chinese minister to visit Europe

Chinese Foreign Minister Qian Qichen will visit seven European countries later this month, the official Xinhua News Agency reported yesterday, AP reports from Peking. Qian will be the highest-ranking Chinese official to go to Europe since 1989, when most western nations cut off high-level contacts in protest at the crackdown on the pro-democracy movement.

Former governor in hospital

Sir John Kerr, the former Governor-General of Australia who dismissed the left-wing Whitlam Government in 1975, is being treated for a brain tumour in a Sydney hospital, Kevin Brown writes from Sydney. Sir John, 77, became Governor-General and died in state in 1974. He triggered Australia's most serious constitutional crisis when he responded to a parliamentary stalemate by dismissing the then Labor government headed by Mr Gough Whitlam. The dismissal opened the way for a general election which was won by the conservative opposition party led by Mr Malcolm Fraser.

Cambodia fighting flares

The Phnom Penh government said yesterday it had counter-attacked against non-communist guerrillas on Cambodia's north-western fringes, destroying two tanks and killing scores of fighters, Reuter reports from Bangkok.

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INTERNATIONAL NEWS

Disclosure recommendations perturb officials

Confidentiality fears in EC anti-dumping case

By David Gardner in Brussels

IN what could be a landmark decision on EC anti-dumping legislation, the Advocate General of the European Court of Justice has recommended that duties imposed on a Saudi Arabian petrochemicals exporter should be withdrawn, and that the European Commission disclose confidential commercial information if this is required to guarantee the complainant a fair trial.

Judgment on the opinion will not be given for several weeks, but Commission officials accept that it will almost certainly go against them, and are concerned that it may as a result increase their disclosure obligations along the lines of North American legal practice.

"If the judgment mentions this [confidential information requirement] in particular, we will have to take it into account, certainly," one Commission official said privately.

The complaint against the Commission and the European Council of member states was brought by the Al-Jubail Fertilizer Company (Samad) and the Saudi Arabian Fertilizer Company (Safco), joint ventures set up by the Saudi Basic Industries Corporation. They are contesting the 40 per cent anti-dumping duty imposed by the council on imports of urea - a

nitrogen fertiliser and glue component - from Saudi Arabia in November 1987.

Much of the court hearing centred on a straightforward conflict of facts - over the Saudi companies' pricing and indeed whether they were even exporting to the EC - and arguments over the procedures followed, particularly with regard to the Commission's provision of information.

In his opinion, Mr Marco Darmon, the Advocate General, concluded that:

- The Commission had not "adequately taken into account" the principle established in EC case law that "it may not base its decision on facts or elements which have not been disclosed to the parties concerned".

• that some of these elements appeared only in an unregistered letter to the complainants (and internal Commission documents), which may not therefore qualify as evidence.

Commission officials acknowledge they were sloppy in sending the letter via ordinary post, and say they have tightened up since;

- the Commission refused to disclose information on the "representative Community producer" and its costs, from which the duty was calculated.

and the Saudi companies had therefore not received a fair trial. "Inasmuch as the amount of the anti-dumping duty was fixed not by reference to the dumping margin but to the amount of the injury suffered by the Community industry, knowledge of that information was essential to the applicants for the defence of their interests," Mr Darmon said.

In a more general conclusion, he acknowledges the controversy and conflict between preserving confidentiality and ensuring the public interest.

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- the Commission refused to disclose information on the "representative Community producer" and its costs, from which the duty was calculated.

Though the Commission has slipped up before on disclosure requirements, notably in an anti-dumping case involving NTN Toy Bearing of Japan in 1979, this is the first time that less than punctilious observance of procedure has brought with it the threat of radically more liberal disclosure rules.

Rio revels, but Carnival feels the pinch

Economic woes cannot be entirely forgotten this year, writes Christina Lamb

THE doom and gloom of war in the Gulf and yet another economic crisis at home will be drowned out in Brazil for the next four days by the pounding beat of a thousand samba drums. The country will give itself over to the hedonistic task of enjoying Carnival, "the biggest party on earth".

This is Brazil's most important contribution to the world - its factory of happiness," says Mr Joaozinho Trinta, one of Carnival's most flamboyant stars.

"We may have high inflation, social problems, children killed on our streets, but we have soul and a people without soul are a people without hope."

These are brave words amidst the country's fifth and most severe austerity package in as many years.

Brazil's economic woes cannot be totally forgotten in the wine, music and song which Carnival traditionally revolves around. This year the country's major tourist attraction is expected to make a loss for the first time in its history.

Tourism has dropped an estimated 50 per cent over the last two years, foreign tourists deterred by Rio's reputation for

violence and crime. The fall in international air travel caused by fear of terrorist attacks sparked by the Gulf crisis was the final nail in the coffin.

In Rio, the economic survival of which greatly depends on tourism, there are only 20,000 tourists in town this year, 60 per cent of them from abroad. Hotels such as the Copacabana Palace, the Rio Palace and the Caesar Park still have empty rooms despite the special packages they have been advertising.

Domestically the worst recession for a decade has put a damper on the "spend, spend, spend" attitude which usually is the main feature of this last fling before Lent. Many large companies and multinationals hit by an 8.6 per cent drop in industrial activity have cancelled the boxes they traditionally reserve in the specially built futuristic sambadromes through which the Carnival parade passes.

According to Mr Trajano Ribeiro, president of Riotur which organises Carnival, this year losses are possible. Last year it made \$2m profit. He explained: "We have seen successive economic plans. Businesses are in difficulties. A business which usually takes

40 boxes this year will take 20. Many groups of foreign tourists have cancelled."

With unemployment beginning to rise, Brazil's working classes, for whom Carnival is the yearly highlight, are reluctantly this year to fork out money for "fantasias", the exotic costumes of glitter and feathers required to participate in Carnival parades.

In fact, Carnival - which originated in the streets and the rhythms of which are based on those of Brazil's African slaves in the last century - has in recent years become very much a middle class activity.

But this year even the middle classes, who usually think nothing of spending \$100 on a fantasia or \$40 or more for tickets to the numerous carnival balls, are holding back. This is partly because many have money frozen amongst the \$35bn still held by the government of President Fernando Collor after a draconian assets squeeze last year.

The 16 main samba schools, which have been taking more than 50,000 participants through their steps for the two-day parade, have been holding auctions and benefit concerts in a desperate attempt to raise money to help

finance their groups as they too still have blocked much of the finances they generally receive from the heads of the city's illegal gambling game.

Even Carnival songs reflect the situation. One about history repeating itself talks of a President elected in the year 3980 who on taking office wiped out all the people's hopes with a single karate chop, then confiscated everyone's money. Another criticises President Collor's liberalisation policies, claiming the country's integrity is being contaminated by imports.

But come tomorrow night, as the first drums near the sambadrome, such thoughts will be put aside. Worries over shortages on shop shelves caused by the new price freeze will be drowned in sugar cane liquor available in excess.

Petrol workers voted to delay a nationwide strike to "first enjoy Carnival". The Collor government can take a brief respite from mounting criticism. The only reminder of the faraway war will be the large number of Saddam masks, this year's most popular buy.

For the majority with no cruzeiros to spare, Carnival will once more go back to the streets, where music and dancing at least are free.

Brundtland warning on EC membership in Europe debate

By Karen Fossli in Oslo

MRs Gro Harlem Brundtland, Norway's prime minister, yesterday warned that Norway would be forced to take a stand on membership in the European Community if the Storting (parliament) rejected the 16-nation European Economic Area (EEA) agreement currently being negotiated.

Mrs Brundtland gave her warning on Thursday night to a closed gathering of leaders in Norway's business and industry community, but was leaked to the state-owned radio.

A recent poll in a national newspaper indicated a three-way split on the EEA between those in favour, those opposed and those with no opinion, but this is not believed to be indicative of Storting sentiment, which has yet to be polled.

The EEA treaty, which covers the free movement of goods, services, capital and people and eliminates trade barriers by creating equal rules for competition, is meant to be signed in May, but some of its features will require a three-quarters-majority backing by the Storting.

Discussions are under way, in the EC and EFTA, calling for Efts to form a body or mechanism similar to the EC's commission which can supervise and enforce laws within the EEA. This would mean that some of the decision-making power on national issues held by the Storting would be turned over to the multi-national Efts surveillance body.

It is this aspect of the EEA which is raising hackles in the Storting.

The broad political sentiment in Norway about the EEA has become more important again, just three months after the minority Labour party came to power. It led to the demise of the previous three-party, centre-right coalition government, which was accused of secrecy about the negotiations.

To avoid the same fate and to help gather support, Mrs Brundtland has mounted an intense information campaign about the status of negotiations around Norway.

Recently, a group of 12 professors said Norway would be better served by abandoning the EEA in favour of renegotiating its free trade agreement with the Community.

Mrs Eldrid Nordboe, minister of trade and shipping, argues that allegations by the Community of Norwegian dumping of light metals and fish prove that the free-trade agreement does not effectively defend Norway's export industry against the EC's use of antidumping measures.

About 70 per cent of Norway's exports go to the EC and 20 per cent more to Efts.

Mrs Anne Inger Lahnstein, the leader of the tiny anti-EC Centre party, yesterday accused Mrs Brundtland of threatening EC membership in order to gain support of the EEA treaty. In 1972 a referendum on membership narrowly kept Norway out of the EC.

Sweden considers timing of application

By Robert Taylor in Stockholm

SWEDEN is considering whether to apply for membership of the European Community before the middle of this year. The ruling Social Democrats have not yet made a firm decision to do so but many in the government believe it would make tactical sense to take such a direct approach to Brussels by mid-June at the latest, before the Swedish parliament goes into its summer recess and in the run-up to the country's general election in September.

The four main political parties now favour Swedish membership of the EC as long as it can be compatible with the country's neutrality in foreign and defence policy. Last October the government first expressed its intention for an eventual EC application but

the impetus to do so has increased since then.

Mr Ingvar Carlsson, prime minister, would like to thwart opponents who have already said they will make a membership bid in the autumn if they win the election. An early application would also defuse the EC as a campaign issue.

Negotiations between the EC and the European Free Trade Association, in which Sweden is a prominent member, have reached a delicate stage on the proposed creation of a European Economic Area but Sweden hopes there will be a breakthrough by April, enabling it to go ahead with an EC application. The EEA would come into force on January 1 1993 and be a transition stage for full EC membership for Sweden.

Norwegians win most Oslo oil licences

By Karen Fossli

NORWAY yesterday offered 14 of 22 offshore oil and gas exploration licences to Statoil, Norsk Hydro and Saga Petroleum, three domestic oil companies, with the remaining eight licences on offer to the Norwegian units of six foreign oil companies.

The 13th licensing round, announced last year, offered a total of 52 blocks in the North Sea, off mid-Norway in the Norwegian Sea and the Barents Sea.

However, some blocks received multiple bids and others none, resulting in the offer of 22 licences covering 36 blocks or part-blocks.

Demilex, the Norwegian unit of Veba, the German company, offered a licence for the first time, but the offers were made to the highest concentration of Norwegian companies in the country's 25-year oil and gas exploration history.

Industry and government sources suggested that because Statoil is seeking to acquire a 50 per cent stake in Verkstedet Gas (VNG), the east German gas supplier and pipeline operator, it may have been advantageous to offer Demilex a licence.

Distinctly absent from the list of companies offered licences were the two Norwegian units of Paris-based Elf Aquitaine and Total-CFP.

Statoil was offered six licences, Norsk Hydro five and Saga Petroleum three. Of the six foreign oil companies, the Norwegian units of Exxon and Shell were the only ones to be offered two licences each. British Petroleum, Conoco, Mobil and Demilex were all offered one licence each.

The ministry did not give details of the blocks offered, but it said that the oil companies had until February 20 to accept.

Airbus expects 50% fall in orders as air traffic dwindle

By Charles Leadbeater in Toulouse

AIRBUS Industrie, the European aircraft consortium, expects its order intake this year to be less than half the volume of 1990, as airlines reduce orders in response to rising costs and falling traffic volumes.

Mr Jean Pierson, Airbus's managing director, said that after winning 404 orders last year, the consortium expected to win 170 orders this year.

Despite the fall in orders, Airbus's deliveries are projected to rise sharply from 35 in 1990 to 170 this year.

The fall in orders comes as the cohesion of the consortium is threatened by a row over competing plans to develop small regional jets.

Industry ministers from the four countries involved in the consortium - Germany, France, the UK and Spain - have stepped into the row by asking Airbus to clarify its plans at a meeting with the ministers scheduled for the Paris Air Show in June.

Mr Pierson has warned the four partners in the consortium - Deutsche Airbus, Aerospatiale of France, British Aerospace and Cassa di Risparmio - that Airbus's credibility with its customers could be seri-

KGB reshuffle puts hard men at the top

By John Lloyd in Moscow

ARESHUFFLE at the top of the KGB has put two men with tough reputations, specialising in counter-intelligence work in western Europe, in positions just below that of the organisation's chairman, Mr Vladimir Kryuchkov.

General Victor Grushko, head of the KGB's First Chief Directorate, or counter-intelligence service, takes over as first deputy chairman. He replaces Gen Filipp Bobkov,

who is to work as a consultant to the defence ministry.

Gen Grushko, deputy chief of the First Chief Directorate with responsibility for Western Europe in the 1980s, was influential in increasing intelligence penetration of the EC, seen then as a particular threat to Soviet interests.

He is replaced as head of the FCD - the KGB's elite department - by Lieutenant General

Gennady Titov, formerly chief of KGB operations in what had been East Germany. Like Gen Grushko, he had in the early 1980s had a special responsibility for western Europe, particularly the UK, Ireland and Sweden. He had successfully "run" two long-term spies recruited from within the Norwegian diplomatic service.

In the recently published book, KGB, the co-author and former senior KGB officer Oleg Gordievsky remembers him as "the most unpleasant and unpredictable KGB officer" he had ever met. Gen Titov's own father had been shot in the late 1930s by the KGB, accused of being a NKVD spy.

Announcing the reshuffle yesterday, Mr Kryuchkov said the changes had taken place only after "certain questions had been decided at the level of the president."

Leaves dropped by army helicopters in recent days over the town of Kaunas warn people that a yes vote will mean "death" for Lithuania. The leaflets are signed by a "USSR Citizens' Committee" which has come to the fore since a mysterious National Salvation Committee was discredited by Soviet army violence last month.

Particular efforts are being made to persuade the republic's 20 per cent minority of non-Lithuanians to express their view and to counter Soviet propaganda which claims that they are oppressed.

But following the decree by Soviet President Mikhail Gorbachev denouncing the poll as "juridically inconsistent", the Communist party and the army have stepped up pressure for people to stay at home.

The Soviet Army's Baltic Command has announced that it will begin 10 days of manoeuvres on February 10, the day votes will be counted in Lithuania's referendum.

The Soviet government wants Lithuania to take part in an all-union referendum on March 17 instead. This will ask voters across the Soviet Union whether they want to be part of a "renewed union of sovereign socialist republics". But the Lithuanian government has already said it will refuse to hold the referendum, describing it as "interference by a foreign state".

Setting aside the brave rhetoric, it fears that the referendum would lock it

into Soviet secession legislation. This requires a five-year transition period and final approval by a two-thirds majority in the Soviet parliament before a republic can leave the Soviet Union.

Mr Valery Ivanov, co-chairman of the Yedinstvo (Unity) organisation which is campaigning to keep Lithuania Soviet, says there may be attempts to go ahead with next month's referendum anyway. But Mr Ivanov also expressed anger at Mr Gorbachev for not taking firm measures to bring the rebel republic under control.

"We consider that we live without a president, without a president who would defend the interests of old. He is not carrying out his duty, which is to defend the Soviet constitution. The Lithuanians aren't happy with him either, but who is?"

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Lockheed set to take control of Luton airport

By Michael Cassell, Business Correspondent

LOCKHEED CORPORATION, the US aeronautical group, is set to acquire a controlling interest in Luton International airport in Bedfordshire, where it plans to implement a modernisation programme thought likely to cost up to £90m over the next 15 years.

The general purposes committee of Luton borough council is recommending the council accept a £26m offer from Lockheed Air Terminal (UK), a Lockheed subsidiary, to purchase around 80.1 per cent of the airport. The balance of the equity, valued at £7.2m, will be retained by the council.

Lockheed's offer is £2m more than its original bid, though the figure is thought to be considerably lower than the council's original expectations. The proposed deal is expected to be endorsed by the full council later this month as the basis for exclusive negotiations with

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By November four bids had

been submitted and two were chosen for final consideration. Lockheed made a presentation of its proposals to the council on Thursday, shortly after the last-minute withdrawal of Luton and District Transport, the only other remaining potential purchaser of the airport.

The purchase of Luton, which handles 3m passengers a year, will represent a major boost for Lockheed's ambitions to expand its international airport development and management activities. The company is currently also joint contractor with John Laing on the construction of a £70m terminal for British Airways at Birmingham airport.

A statement from Lockheed last night said it intended to develop Luton into a major airport serving London and the region. It expects the deal to be completed by early April.

Lockheed is likely to consider building a new passenger terminal, control tower and parallel taxi-way which would enable the complex to handle around 5m passengers a year.

However, the company said it wanted to consider the implications of Ryanair's recent decision to switch many of its services from Luton to Stansted. Nevertheless, Lockheed said it did "not contemplate failing" in its bid.

Midland puts charge on its credit cards

By David Barchard

MIDLAND BANK yesterday bowed to growing pressure from the market and introduced a £10 charge on its Access and Visa credit cards in a move aimed at reviving the profitability of its cards operations.

To compensate for the charge, Midland has cut its rate to borrowers from 2.25 per cent a month (annual rate 22.1 per cent) to 2 per cent a month (annual rate 24.5 per cent).

The move comes as nearly all banks struggle to make a profit on their credit card operations. The 1990 year-end results of the four largest clearers due to be announced in the next few weeks are expected to show losses by several of the largest credit card issuers.

Banks are under pressure as income dwindles on both sides of their credit card business. Retailers have forced the commission they pay on credit card transactions down from 2.1 per cent two years ago to an average of 1.6 per cent, while over 40 per cent of all credit cardholders pay their accounts in full each month, avoiding interest charges.

Lloyds and Barclays introduced credit card charges early last year. Each lost well over 500,000 customers by doing so,

but they claim to have enhanced the profitability of their credit card operations.

National Westminster is now the only one of the big four clearing bank not charging for credit cards. There is widespread expectation in the industry that it is only a matter of time until it follows the others. Yesterday NatWest said it was reviewing credit card charges and could not rule out a change though such a move was not close at hand.

Another large bank, TSB, which has an annual interest rate of 31.8 per cent on its cards, said it had no plans to introduce charges.

Unilever Barclays Bank, which offered customers incentives to pay an annual charge, including a package of additional cardholder benefits including free insurance, similar to those provided by American Express, there are no frills to Midland's credit card proposals.

Midland now faces several weeks in which indignant customers will close their credit card accounts. The bank has set up a "hotline" telephone line for cardholders on 0702 435280, which will operate from Monday. The annual charge will be included on statements from April 10.

Bombing may not lead to new police powers

By Jimmy Burns

INCREASED police protection of politicians and new parking controls near government buildings will almost certainly form part of a major security review under way following Thursday's IRA mortar attack in Whitehall, officials indicated last night.

However the government is resisting calls for more sweeping measures, including streamlining security agencies and giving police more stringent emergency powers for dealing with terrorism.

"No new legislation is planned. The police have significant powers under existing temporary provisions to deal with the threat of terrorism," the Home Office said.

Earlier Scotland Yard's Anti-Terrorist Squad tried to head off suggestions that a major

security lapse was behind the IRA attack.

Officials said the transit van from which the mortars were fired at Downing Street had been "abandoned for less than two minutes" and not, as claimed in the House of Commons by Mr Mervyn Rees, the former Labour home secretary, parked for nearly eight minutes prior to the attack.

Security sources in Dublin yesterday said that two known IRA active service units had the necessary expertise for the attack but that a number of IRA terrorist suspects who should have been under surveillance had in fact been untraced for several months. Sources also said the mortars had been constructed in Britain, rather than smuggled in from Ireland.

In the meantime, the Home Office said

the police have been

streamlined

and given more stringent emergency powers for dealing with terrorism.

Implementation of a number of the Woodfield recommendations – particularly those involving the reform of the Charity Commission – has been possible without legal changes.

Legislation is required, however, to ensure that charities have adequate accounting standards and financial administration.

In 1988, following the Woodfield inquiry, the government promised to introduce legislation during the current parliament. To the dismay of the organisations, no charities bill has been included in this year's parliamentary timetable.

The recommendations do not have the force of law and in my experience they have

made precious little impact so far," says Mr Keith Manley, Barnardo's finance director.

"There is a huge pool of ignorance. Some medium-sized charities, quite apart from the small ones, have not even heard of the recommendations."

Most of the largest charities have standards of financial management comparable with those in the private sector, but finance directors such as Mr Manley fear that the image of the whole voluntary sector suffers from the activities of organisations which do not meet such standards.

"The recommendations have made considerable strides

Warning brings a new twist to the Fimbra problem

Richard Waters on the implications if the self-regulator for independent financial intermediaries folds

THE financial stability of the Financial Intermediaries Managers and Brokers Regulatory Association (Fimbra), the self-regulatory organisation for independent financial advisers, has been doubtful since the body came into existence after the 1986 Financial Services Act.

But then, there have also been question marks over the financial stability of many of its members and a lingering belief in many parts of the investment world that independent advisers would inevitably be sucked in to becoming sales agents for particular life assurance companies.

So the news this week that Sir Gordon Downey, Fimbra's chairman, had written to Mr John Redwood, the corporate affairs minister, warning of the very real possibility that Fimbra could become insolvent came as little surprise. What it has done is to give a new twist to the problem, and placed it firmly on the desks of Mr Redwood and Sir David Walker, chairman of the Securities and Investments Board (SIB).

Both have on many occasions expressed their commitment to keep

a healthy band of independent financial advisers in the UK, rather than leave consumers in the hands of salespeople linked to the life companies and the unit trust groups responsible for mass market investment products. They are now being put on the spot if Fimbra goes under, many members will be forced to tie to a life company or close down. Consumers will be the losers. The threat to them is that some find themselves outside the scope of the Investors Compensation Scheme, which pays up to £48,000 per claim, if they lose money because an investment firm goes bust.

Fimbra has attacked the current scheme, financed largely by contributions from each self-regulatory organisation's (SRO) members. For instance, if a Fimbra member goes bust, other Fimbra members pay the compensation.

This arrangement, says Fimbra, is unfair if the losses relate in part to actions which took place before August 1988, when the scheme started. Members have to accept unlimited liability for misdemeanours that occurred at a time when many

investment firms were actually regulated by the DTL. Fimbra now questions the legality of this compensation scheme and, taking a "can't pay, won't pay" stance, is trying to escape the liability.

This does not necessarily leave investors unprotected. The SIB, which runs the compensation scheme, could try to mount an industry-wide bailout of Fimbra. Or the DTL, mindful of its own problems, could take over the Fimbra Services. Another option is to move to a new regulator, although this is unlikely. Given the initial resistance to paying compensation to Ballow Clawson investors, it seems unlikely that the ministers would dip willingly into the public purse.

Fimbra has made efforts to get on a firmer footing. It yesterday announced completion of a programme of job cuts which reduced staff from 150 to 130, cutting around £10m costs.

Protection for investors will not suffer, says Mr Godfrey Jillings, chief executive. The cuts resulted from a reorganisation to reduce administration staff, he says, and reflect a new

approach to checking up on members. This involves shorter, more searching spot checks to identify possible problems such as fraud, rather than long and exhaustive exercises to check compliance with detailed rules.

In the longer term, however, Fimbra believes it has no future as an independent regulator. It has been bailed out twice before by life assurance companies and currently has a financial deficit of £2.5m.

Only a full merger with two other SROs – Lawro, which oversees the marketing of life assurance and unit trusts, and Inro, responsible for investment managers – could underpin its finances. Neither jumps at the idea of an industry bailout. And the SIB's Sir David has been reluctant in the past to direct the SROs, preferring to leave self-regulation to take its course. But Fimbra says the time for talking is past.

A merger of the three SROs in the retail investment industry, should it occur, would echo the coming merger of the two SROs which oversee the

wholesale investment markets – TSA and AFBD.

It would also bring to a head three important questions:

- How should compensation be paid in future? Fimbra favours a levy on all investment products, rather than contributions from individual advisers or salespeople, to spread the cost of compensation across all investors.
- What future is there for the principle that investment firms are either independent advisers or salespeople but never a mix of the two? The SIB is aware that this principle is likely to come under pressure from Europe, as non-UK life companies looking for sales outlets in the UK discover that most outlets have already been tied to life companies.
- What information should people be given about the commissions on investment products they buy? The DTL said last year it wanted more information made available to the consumer. The SIB says it agrees, but that to move to full disclosure too fast would wipe out the independent advisory sector once and for all.

Editorial comment, Page 8

Rolls-Royce workforce cut by 230

THIS Rolls-Royce car company yesterday announced a further reduction of 230 in its workforce. The Crewe-based company, which announced the loss of 240 jobs last month, said it hopes the job losses can be achieved by natural wastage and voluntary redundancies.

The luxury car market has been particularly badly hit by the new car sales slump. January 1991 sales of Rolls-Royces and Bentleys fell by more than half compared with January last year.

Figures yesterday from the Society of Motor Manufacturers and Traders showed that total January 1991 UK new car sales fell 20.8 per cent on the January 1990 figure.

Tobacco aid ended

BRITAIN is to rule out aid to all new development aid projects that support the tobacco sector, it was announced yesterday, writes Ivo Dawney.

Mrs Lynda Chalker, the overseas development administration minister, said that the decision had come in spite of recognition that the crop was an important source of revenue in many developing countries.

Replies to a written Commons question, Mrs Chalker said there was increasing evidence that the health risks associated with tobacco place increasing burdens on already inadequate health budgets in the countries concerned.

Order against LPT

A High Court judge yesterday made a compulsory winding-up order against the Land and Property Trust Co after refusing its application for an administration order.

Mr Justice Hartman made the order on the petition of John Elliott Management, creditor for about £5.6m. He said he could make an administration order only if he considered it was likely to achieve the making of a voluntary arrangement with the aim of bringing about a more advantageous realisation of LPT's assets than through a winding-up.

Lewis's contracts

THE receivers at Lewis's, the collapsed department store chain, have said that they will honour customer contracts entered into before the company went into receivership.

Customers who paid deposits will receive their goods although they cannot reclaim their money.

Unit trust queries

THE Unit Trust Ombudsman, whose office is being disbanded because it did not have enough work, received 100 inquiries in 1990, its second and final year of existence. Mr Adrian Parsons, the Ombudsman, resolved 38 disputes and left five outstanding.

"It still think it's disconcerting," commented Sir David. He asked Mr Fred Coford, for the Serious Fraud Office, to telephone Mr Levitt's lawyers and ask why they had instructed him not to attend without the court's authority.

"Perhaps they would like to come and explain that to me today," Sir David said.

Mr Coford returned with apologies and disclaimers from the lawyers of any intended courtesy. It appeared that Mr Levitt, who lives in Highgate, had had to abandon his car in London the previous night.

Also, one of the lawyers had been told that the police investigating officer was in the country and had difficulties getting in, Mr Coford added.

"I still think it's disconcerting," said Sir David. If a case has been remanded someone, the defendant or a lawyer, must attend, unless attendance has been excused by the court, he said.

Mr Coford said the prosecution had to make substantial further inquiries and would be seeking a two- to three-month adjournment.

"This is a major investigation involving very substantial sums of money."

However, Mr Levitt's lawyers wanted a short adjournment because there were matters they wished to raise with the court.

Sir David adjourned the case until Thursday when, he said, Mr Levitt must attend.

Mortgage rate rise

ALLIANCE & Leicester, the fourth largest UK building society, yesterday put its mortgage rate up from 14.35 per cent to 14.5 per cent, putting it in line with most other societies. The increase follows a similar move a week ago by Cheltenham & Gloucester.

OFT call on cartels

LOCAL authorities were yesterday asked by the Office of Fair Trading for help in identifying cartels in their areas.

Sir Gordon Borrie, OFT director-general, said the vigilance of councils in detecting the illegal operations was vital.

Halford to face one-woman tribunal

MISS Alison Halford, an assistant chief constable with the Merseyside police, is to face a one-woman disciplinary tribunal.

The police authority's senior officers' disciplinary committee decided yesterday she must answer charges before Miss Sheila Cameron, QC.

The decision was made after Miss Halford, 50, spent 45 minutes responding to allegations against her stemming from an incident at the home of a businessman in July last year.

An independent firm of solicitors will now draw up charges

to be put to her at the tribunal.

Police authority clerk David Henshaw said no date for the hearing.

Miss Halford was suspended on full pay in December after an investigation by the Deputy Chief Constable of Sussex, Tony Leonard.

She also faces allegations relating to answers to questions put to her after a report of the incident in a Sunday newspaper.

The police authority also announced further consideration of charges brought by

Miss Halford against her Chief Constable, James Sharples, whom she has reported for failing to investigate the source of the newspaper story and for the alleged leaking of her home address.

Miss Halford has also brought an industrial tribunal case against Mr Sharples, the Home Secretary, the Hampshire Police Authority and North-West Inspector of Constabulary, Sir Philip Myers, alleging the sexual discrimination blocked his promotion to deputy chief constable.

"I still think it's disconcerting," said Sir David. If a case has been remanded someone, the defendant or a lawyer, must attend, unless attendance has been excused by the court, he said.

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NEW BULL MARKET

UK NEWS

Second big City fraud trial starts next week

The charge arises from an unsuccessful £837m rights issue by Blue Arrow, writes Raymond Hughes

TWO OF the City's leading investment banking groups are at the centre of the latest fraud trial due to begin in London on Monday.

County NatWest, its parent NatWest Investment Bank, and UBS Phillips & Drew Securities, together with seven individuals, are accused of conspiring to defraud share dealers by misleading the market.

The charge arises from an unsuccessful £837m rights issue by Blue Arrow, the employment agency, in August 1987 to finance the purchase of Manpower, a US employment agency.

Its failure led to CNW and Phillips & Drew being left with a substantial proportion of the shares.

It is the second of the three big City fraud prosecutions of recent years - the others are Guinness and Barlow Clowes - to come before a jury and is likely to be the longest and the most expensive.

It is thought likely to last up to eight months, with some lawyers doubtful if it will end much before next year.

Last year the Guinness trial ran from February 27 to August 107 days, of which 50 were before the jury, and cost about £20m, excluding the costs of the pre-trial hearings at the crown court and the magistrates' court.

The individuals in the dock will be Mr Jonathan Cohen, deputy chief executive of NWIB and chief executive of CNW until his resignation in February 1988; Mr Stephen Clark, group finance director of CNW; Mr David Reed, former executive director and managing director of corporate finance at CNW; Mr Nicholas Wells, former CNW executive director and a member of the corporate advisory department;

Mr Alan Keat, a partner in City firm of solicitors Travers Smith Braithwaite, who advised CNW on the rights issue; Mr Martin Gibbs, former director UBS Phillips & Drew; and Mr Christopher Stainforth, former director of UBS Phillips & Drew corporate finance.

The single charge against the 10 defendants is that between September 27, 1987, and December 20, 1987, they conspired with four others "to defraud such persons who had or might have had an interest in acquiring, disposing of, sub-



CHRISTOPHER STAINFORTH was director of UBS Phillips & Drew corporate finance, and with Mr Reed, Mr Wells and Mr Gibbs, was one of the four corporate financiers in charge of working out the mechanics of the rights issue. He resigned in July 1989 following the criticism in the DTI report.

JONATHAN COHEN, 47, was chief executive of County NatWest at the time of the Blue Arrow deal, but moved on to Charterhouse, Royal Bank of Scotland's merchant banking arm, in February 1988, as vice chairman. He remained at that post in August 1989, after the DTI's report, but said the DTI had discredited him.

Mr Cohen studied law at Queen's College, Cambridge before joining Price Waterhouse in 1967.

NICHOLAS WELLS was the corporate financier at County NatWest who organised the rights issue. He went into merchant banking after reading economics at Cambridge and three years' training as an accountant with Peat Marwick Mitchell. He moved to corporate finance at Lazard's in 1979, arriving at County in 1982. He moved on to Barclays De Zoete Wedd, but resigned in July 1989 after the DTI report.

DAVID REED, 43, was managing director of corporate finance at County at the time of the Blue Arrow deal, and resigned in July 1989 following criticism in the DTI report.

Mr Wells reported to him on the rights issue. Mr Reed went straight into accountancy, with Whinney Murray, after school at St Edward's, Oxford, and worked in Peat Marwick Mitchell's Sydney office. He became managing director of Peat Marwick Mitchell in 1985 after three years in accountancy with Pannell Kerr Forster. He was educated at Stowe and Cambridge, where he read engineering and economics.

MARTIN GIBBS, 51, was managing director of corporate finance at County at the time of the Blue Arrow deal, and resigned in July 1989 following criticism in the DTI report.

Mr Gibbs began at Phillips & Drew in 1959 after three years in accountancy with Pannell Kerr Forster. He was educated at Stowe and Cambridge, where he read engineering and economics.

The failure of the Blue Arrow rights issue gave rise to an investigation by Department of Trade and Industry inspectors. On November 9, 1988, four months after the inspectors' report, the 11 individual defendants were arrested and charged by the Serious Fraud Office and the City of London police fraud squad.

The case was subsequently transferred to the Old Bailey under the procedure - first used in the Guinness case - by which serious fraud cases can go directly to the crown

court without the usual committal hearing before magistrates.

Last December, Mr Justice McKinnon decided to split the trial in two, on the ground that one long complex trial involving 14 defendants would be unmanageable for a jury.

Both trials will take place in one of the specially-constructed Chichester Rents

courtrooms in a building in Chancery Lane, leased by the Lord Chancellor's Department when it became clear that there was not an existing court in central London large enough to cope with a case of this size.

The court, which is administratively part of the Old Bailey, has been wired for sound and vision, with video monitors provided for the judge, jury and parties on which documents and graphics will be displayed.

The Serious Fraud Office's prosecution team is led by Mr Nicholas Purnell, QC, chairman of the criminal Bar, who will be assisted by three junior barristers, backed by SFO staff.

Twenty barristers, including nine QCs, have been briefed for the defence.

Scotia Provident is giving 500 staff an increase of 10 per cent.

Mr Tony Whiteley, MSF

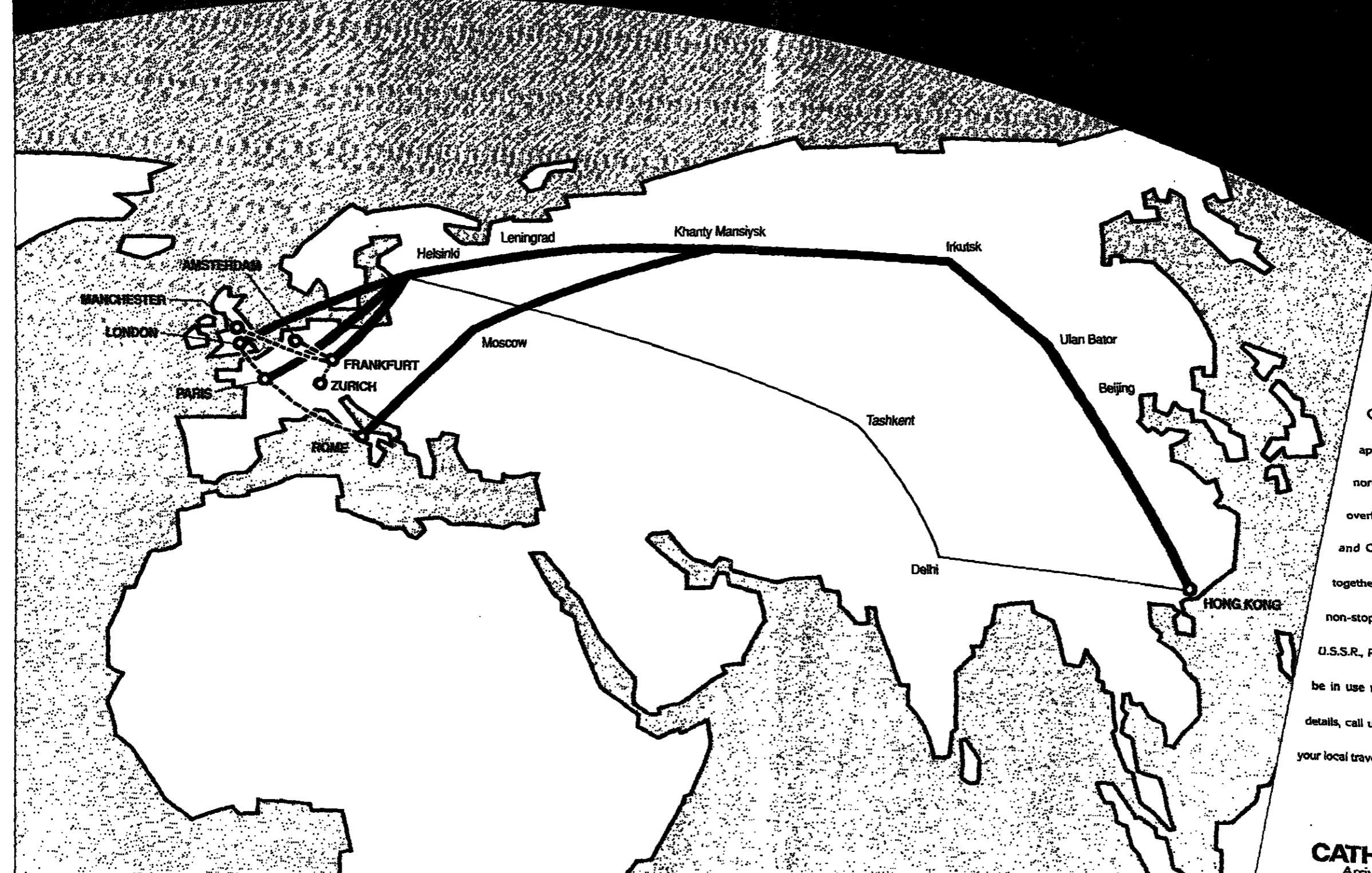
managing director, said the settlements merely restored members' living standards. "They

will, however, signal to insurance workers that the insurance industry is not following the 7 per cent to 8 per cent range of offers in the banks."

Barclays Bank last week strengthened its firm stance on pay rises for its non-managed staff when it refused to increase an offer of 7 per cent.

It is still likely that any deal below inflation-level at Barclays will influence pay talks at the larger financial services companies and, in particular, on negotiations at the other three large clearing banks.

CATHAY PACIFIC ANNOUNCE A NEW NON-STOP NORTHERN FLIGHT PATH BETWEEN EUROPE AND HONG KONG.



Cathay Pacific have obtained approval to use a new non-stop northern routing to Hong Kong overflying the U.S.S.R., Mongolia and China. This new flight path, together with an alternative existing non-stop routing, which overflies the U.S.S.R., Pakistan, India, and Burma, will be in use until further notice. For more details, call us on 071-930 7878 or contact your local travel agent.

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دعا من الرحمن

UK COMPANY NEWS

Legal & General warning adds to sector gloom

By Richard Lapper

THERE WAS further gloom for the UK general insurance sector yesterday with Legal & General, the UK life and general insurer, reporting that its 1990 results could be worse than the market is expecting.

Mr Jon Palmer, chief executive, said the 1990 results would reflect a "deterioration" in general insurance during the second half of 1990.

Analysts reduced their forecasts for L&G by about £20m. Mr Ian Richards of James Capel, for example, now expects the group to record pre-tax profits of £70m.

Overall pre-tax losses recorded by L&G's life insurance business grew to between £25m and £30m in the second half of 1990, compared with £20m in the first half, according to analysts.

Since L&G's property account was hit by heavy claims from last January's storms, the underlying deterioration in general business through the rest of the year was particularly serious.

According to Mr Richards, "the underlying UK account has been catastrophic".

L&G has been notified of subsidence claims amounting to £43m and is to establish an additional reserve of £12m.

The group is also to increase its reserves against losses stemming from its book of

mortgage guaranteed business, adding an extra £5m. In addition L&G suffered a big increase in claims on its book of commercial business, particularly in the liability and business interruption area, leading to a loss for the year of £7m.

Claims provisions for other long-tail liability business will be strengthened by about £5m. Last month Guardian Royal Exchange, the fifth biggest composite insurer (by premium income) reported that it was making provisions of between £30m and £70m against claims on its liability business reflecting heavier claims on motor third party liability, public liability and employers' liability business.

When GRE announces its results at the end of March, analysts now expect a pre-tax loss of between £120m and £140m. It has also emerged that other insurers have suffered from heavier-than-expected fire claims during the last quarter of 1990.

According to James Capel, Royal Insurance is now anticipating a pre-tax loss of £142m. General Accident, £109m, Guardian Royal Exchange £134m, and Sun Alliance £158m. Commercial Union is expected to record a pre-tax profit of £18m compared with £50.5m in 1989.

See Lex

Courts delay hearing over Polly Peck administrators

By John Murray Brown in Ankara

ADMINISTRATORS appointed to Polly Peck International, the UK-based fruit and electronics group, will have to wait a further 20 days before they can gain access to the premises of the group's Cypriot subsidiaries.

A court in Nicosia and one in Famagusta yesterday adjourned until March 1 the hearing when they will again consider lifting three separate injunctions brought against the three administrators.

These prevent Mr Richard Stone, Mr Michael Jordan and Mr Christopher Morris from entering the Famagusta free-port premises or removing the directors of either Sunset, Mr Orhan Bilgehan, the citrus exporter, or Unipac Packaging, Polly Peck's cardboard box manufacturer.

Noble Raredon selling Elite after £2.7m losses

By Clay Harris

NOBLE RAREDON, the company run by Mrs Bilge Nevzat, Mr Asil Nadir's younger sister, has decided that selling Elite Optics, its UK overhead projector business, is the only way to avoid the fate of his Polly Peck International.

Noble reported a £2.7m pre-tax loss on turnover of £15.42m for the year to October 31.

It also restated the £48,000 profit reported for the previous 17-month period as a £1.23m loss on turnover of £11.28m. In a change of accounting policy, Noble has decided not to defer start-up costs, but to write them off immediately.

Noble's shares were suspended at 25p on October 18, when two of its banks, Midland and Dresden, reduced or withdrew banking facilities during the death throes of Polly Peck.

Mrs Nevzat said yesterday she hoped to apply for a re-listing in April. At suspension, Noble was valued at 55p.

The projector company was the only activity of Gruone Photographic Products, as the company was called when Mrs Nevzat and her husband, Mr Fahim Nevzat, took control in 1988.

Elite is likely to be sold to a management team led by Mr David Heaton, who has resigned as Noble's finance director in one of three departures from the board announced yesterday.

The disposal of Elite, the closure of Noble's trading division and the indefinite deferral of a planned cardboard carton factory in Poland will leave the company with two holiday villages, one in Turkey and one in northern Cyprus, served by its tour operations in the UK and Germany.

Mrs Nevzat said the company was also considering an offer for the Turkish property. The loss per share was 12.4p, against a restated 6.3p loss.



Bilge Nevzat: hoping for re-listing in April

There is no final dividend (0.1p) leaving the total for the year at an unchanged 0.1p. There were exceptional write-offs of 1.5m.

Mrs Nevzat said head office costs had been cut by two thirds in the past year, and Noble plans to move from 73 South Audley Street to smaller and less expensive premises.

The Mayfair address gave its name to South Audley Management, the private Nadir family company raided by the Serious Fraud Office during its investigation of Polly Peck.

Mr Arseven Gurumush, a former South Audley director, has resigned as corporate development director at Noble, joining Mr Heaton and Mr Nevzat in leaving the board.

Mrs Terry Caserres, managing director of Noble Hotels, has been appointed director.

Noble said it had been advised in recent months by Mr Charles Verrall, former chief financial officer for UK banking at Midland, and subsequently finance director at Westland Group, the helicopter manufacturer. He is now finance director of Tern.

DIVIDENDS ANNOUNCED

	Current payment	Date of dividend	Corres. pending	Total for last year	Total
Elibel	Int 0.181	Apr 6	0.181	-	0.645
Noble Raredon	Int nil	-	0.1	0.1	0.1
Sandell Group	Int 1.25	Apr 3	2.7	1.7	4.1
Throgmorton Tel	Int 1.25	Apr 3	2.38	2.15	3.18
Willaire	Int nil	-	0.3	-	0.857

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. On capital increased by rights and/or acquisition issues. USM stock. 18 months.

Obstacle to bid by Thames removed • Thorn again chops and changes • Upside and downside for BET

The rapids are past, the waterfall's ahead

Securely owned, Thames could now win its franchise, but will it? By Alice Rawsthorn

IT COULD almost have been one of those scenes from Minder, Thames' own comedy series, where Arthur Daley, the clumsy coman, is poised to clinch a deal, only to realise that his partners have pulled out and the deal is on the rocks.

If you cast Thames as the bumbling Arthur and Thorn EMI and BET as his procrastinating partners, then the Minder scene starts to look very like the recent saga over Thorn and BET's 56 per cent shareholding in Thames.

The holding has been up for sale for nearly a year. But the combination of a sluggish stock market, an advertising recession and the problems of Reeves, Thames' recent US acquisition, has deterred all the would-be buyers.

The timing could scarcely

have been worse for Thames. It had to defuse the uncertainty over the future of the holding if it was to retain its licence in the ITV auctions this spring.

Yesterday Thorn stepped into the breach by offering to buy BET's stake for an initial £34.5m. The arrival of Thorn, one of the UK's biggest industrial groups, will, Thames hopes, convince the Independent Television Commission that the contractor's ownership is now secure. The critical question for Thames, Thorn and their shareholders is whether this supposition is correct.

The ITV franchise auction looks like a high stakes poker game. The ITC is expected to advertise the licences next week. The would-be franchise holders will then have three months in which to submit their bids.

All the applicants have to pass the ITC's "quality threshold" by demonstrating that they are capable of providing programming of suitable quality for the 10 years of the licence. The ownership and financial resources of the applicants will bear upon this. Having sifted out the suitable applicants, the ITC will then award the licence to the highest bidder.

The uncertainty over the future of the Thorn/BET stake would, at the very least, have been a serious impediment to Thames' chances of passing the quality threshold. The consensus among analysts is that Thorn's offer has probably resolved this problem.

"Thorn has expressed a long-term commitment to Thames which will be very

helpful," says Ms Jane Anscombe, television analyst at Barclays de Zoete Wedd. "But it does not make a material difference to Thames' chances of keeping its licence. Thames could still be out-bid in the auction."

The Thames franchise - for weekday television on Channel 3 in the London region - is the largest and potentially most lucrative of the ITV network. As a result, it is expected to attract the highest price - anything from £150m upwards.

Carlton Communications, which six years ago staged an unsuccessful bid for Thames, is mooted as a likely bidder. Mr Michael Green, Carlton's chairman, has made no secret of his ambition to own a major ITV company. He also has considerable financial resources.

This week's appointment of

Mr Nigel Walmsley, managing director of Capital Radio and a senior figure in broadcasting, as the head of Carlton's franchise application was clearly calculated to boost the company's chances of passing the ITC's quality threshold.

The would-be ITV investors - such as Virgin, MAI and PolyGram - are also thought to be interested in the London weekday licence. But they may be deterred by the risk of being out-bid by Carlton, or by Thames itself.

It remains to be seen just how formidable the competition for the Thames licence will be. As Ms Bronwen Maddox, television analyst at Kleinwort Crieveson, says: "Thorn's offer has improved the chances of keeping the franchise. But Thames is certainly not home and dry."

Thames shares stood at 476p when BET and Thorn EMI put their combined 56 per cent stake up for sale last March. Since then, the advertising recession has combined with uncertainties arising from the upcoming round of franchise applications to take the shine off them.

Mr Nicholas Wills, BET chief executive, yesterday described the terms as "very satisfactory" in the light of "the current changeable conditions for the independent TV sector."

BET shares closed down 1p at 114p on Friday, up 14p on the week. Last Friday, unconfirmed rumours that the group was about to engineer a capital reconstruction sent the shares plunging to 67p before they rallied to close down 35p on the day.

Delays in the planned disposal of non-core businesses have been a feature of BET's recent problems.

In December, it did sell Anglian Windows, its double-glazing subsidiary, but at a price lower than was originally hoped for. A month earlier, it had taken Boulton & Paul, a joinery business, off the market having received no acceptable offers.



Colin Southgate: abroad, but not afraid to face the music

A Thorn in the side of those who expect consistency

By Michael Skapinker

LAST MONTH Mr Colin Southgate, Thorn EMI's chairman, became a director of the Bank of England. If his new duties mean he has to adopt a stodgy style, nobody has yet told him about it.

Buying a majority stake in Thames Television after previously saying it wanted to sell its interest has become standard.

Some see the music, rentals, electronics and light fittings group as an incurably inconsistent company. Its officers insist that it is flexible enough to adapt to changed circumstances.

Mr Southgate was out of the country yesterday. But a spokesman stoutly denied that the chairman of the group which holds the copyright to Will You Love Me Tomorrow? and thousands of other songs was afraid to face the music. It was just that press speculation

had forced Thorn to announce the Thunes deal sooner than it had planned.

The spokesman added that Thorn had not changed its mind about the desirability of taking the business when it could find a buyer.

In 1988, Mr Southgate said, Thorn was set to become a world leader in lighting. Last year, he announced that there was no prospect of the group becoming a world lighting leader and that the business would be sold to GTE of the US.

"We are not seeking to buy out the minority. We want Thames to remain a quoted company.

"I think it would be sensible for our shareholders if, in the long run, a couple of years down the line, we reduced our share.

The difficulty for observers of Thorn is to predict what the

shopping and changing might occur. The company said it wanted to get out of defence electronics, which it then stayed with the business when it could find a buyer.

In 1988, Mr Southgate said, Thorn was set to become a world leader in lighting. Last year, he announced that there was no prospect of the group becoming a world lighting leader and that the business would be sold to GTE of the US.

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The difficulty for observers of Thorn is to predict what the

Clarke Hooper shares fall on profits warning

By Alice Rawsthorn

Clarke Hooper, the sales promotion company, yesterday became the latest casualty of the recession in the marketing services industry when it issued a profits warning.

The company said that pre-tax profits for the current financial year to April 30 would be below the £4.1m made last year. Clarke Hooper's shares fell by 14p on the announcement.

The acquisition will give JFB access to the two largest aircraft engine manufacturers in the world, General Electric and Pratt & Whitney, which are key customers of Monroe. As such, it will be a significant step for JFB in its long-held aim of expanding into the US

market.

Clarke Hooper has cut costs by £2m a year, mainly by shedding staff in the UK where it has lost 28 people from a workforce of 160. The US business, said Mr Clarke, had been less badly affected.

He said that the cost cutting should help to improve Clarke Hooper's performance in the 1991/92 financial year. He stressed that the group was still "financially strong", trading well within its banking arrangements and able to meet earn-out commitments.

The board has not yet decided on the dividend policy for this year.

JFB expands into US market

By Michiyo Nakamoto

JOHNSON & FIRTH Brown, the Sheffield-based metals and engineering group, has won a first entry into the US aerospace market with the acquisition of a US acquisition to gain access to the US market, which it had found very difficult to penetrate. JFB hopes to sell Monroe's products to its existing customers as well.

The acquisition was made at net asset value. Nearly six years ago JFB had been prepared to buy Monroe at a premium to net assets but the US company was then taken off the market by its owners, United Dominion Industries.

Monroe's pre-tax profits fell 71 per cent to £1.2m in the year to December 31 as the difficulties facing the aerospace industry

try had led to cutbacks by the major jet engine manufacturers and cut-price selling by competitors.

"Maybe it's not the best time to enter the market, but we see it as a strategic investment," said Mr Edisbury. He did not expect the acquisition, which will be funded by JFB's own cash resources accumulated for the purpose and borrowings in the US, to lead to any dilution of profits this year.

In the year to September 30, JFB reported a 21 per cent rise in pre-tax profits to £21.3m. It is considering other opportunities in North America and is also looking to expand into continental Europe through acquisitions.

The disposal was made ear-

lier this month as part of a strategy to withdraw from non-core businesses and concentrate on marine and associated services.

Mr John Bryan, chairman, said that the company saw buoyant demand for oil exploration services and expected worldwide expenditure on oil exploration to increase significantly. Investment in facilities to allow for more efficient extraction and distribution of known reserves was also likely to rise, he said.

With the business in the marine sector outside of oil also doing well, the company expected the benefits of cost-cutting measures to show through starting in the spring.

The company continued to operate with footwear and leather, textile, and industrial products divisions. Por

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The trouble with Fimbra

IMPOSING a new and comprehensive system of investor protection on Britain's very disparate investment markets was always going to be a painful process. Nor was it difficult to predict, in the run-up to the implementation of the 1986 Financial Services Act, where the pain would be most acute. Fimbra, the Financial Intermediaries, Managers and Brokers Regulatory Association, represents a ragged army of hitherto largely unregulated folk, ranging from sophisticated financial service companies to part-time insurance salesmen. Now rather grandly entitled independent financial advisers, they pose a huge headache for the watchdog that has always been the weakest link in the regulatory chain.

Following the collapse of Dunsdale Securities and Levitt Group, claims under Fimbra's investor compensation scheme are thought to be likely to exceed £10m in the current year. And in a letter to Mr John Redwood, minister for consumer affairs, which was leaked to the press this week, Fimbra's chief executive, Sir Gordon Downey, indicated that the financial cost of these collapses could threaten the solvency of Fimbra itself. Sir Gordon questioned whether Fimbra members were legally obliged to pay compensation for investors' losses which stemmed from events that took place before the establishment of the compensation scheme. He has also taken action to improve the self-regulatory organisation's troubled finances by sacking staff and other cost-cutting measures.

The immediate outcome is that many clients of independent financial advisers who were relying on compensation from Fimbra up to a ceiling of £48,000 are now unsure of where they stand. Sir Gordon's financial housekeeping, however necessary to address Fimbra's immediate financial problems, also raises a question about the future effectiveness of a watchdog whose managerial performance in its early days was unconvincing.

Negotiating process

In practice it seems unlikely that Fimbra's troubles will leave investors in the lurch. Threats and leaks are simply part and parcel of the negotiating process, as watchdogs and practitioners haggle over who foots how much of which bill. Yesterday all concerned were anxious to dispel the suggestion that Fimbra was heading for the rocks. The system's top self-regulatory watchdog, the Securities and Investments Board (SIB), emphasised that it would continue to liaise closely

with Fimbra to ensure "that the requisite investor protection is maintained".

But the fact remains that Fimbra is, in the long run, under-financed to regulate a large membership that takes in a plethora of small firms across the nation. And if an independent advisory sector is to survive in any worthwhile sense, some change in the regulatory structure is inescapable.

Draconian sanction

The SIB has the power to take back the regulatory role now undertaken by Fimbra. But that would represent a draconian sanction; and in a system which already suffers from a surfeit of self-regulatory organisations whose functions are also partly duplicated by the SIB's own, costly power to authorise firms directly, it would simply muddy the waters. More sensible would be some attempt to merge Fimbra with either Lautro, which regulates the sales practices of life assurance and unit trust industry, Intra, which looks after investment managers, or both.

The problem is that the membership of both these bodies would be reluctant to tolerate any merger in which they would end up sharing the bill for Fimbra's more dubious members. And leading insurance companies argue that the principle of polarisation, whereby insurance salesmen must choose between commitment to a single insurance company or independent status, would be compromised by a merger of Fimbra and Lautro. The public, they add, would be confused.

Such high-minded argument needs to be seen in the context of market reality. The failed Levitt Group, to name but one obvious example, included among its shareholders such respected insurance giants as Legal & General, Commercial Union and General Accident. That suggests, if anything, that the confusion lies in the present structure. The present set-up also requires a costly bureaucratic exercise in which insurance companies have to sign up with two or three self-regulatory organisations to cover their different activities.

Polarisation was never a particularly good principle in the first place. It simply filled the gap left by the failure of the SIB to impose adequate disclosure of commissions on the life assurance industry at the outset. It should not be beyond the wit of the regulators to come up with an enlarged organisation that puts Fimbra's financial troubles to rest and leaves investors with a clearer understanding of what protection they enjoy.

In a final, despairing effort to stave off the receivers, the 77 employees of Hoynor Trailers, a long-established manufacturer of car transporters, took a pay cut.

The company had already tried to save itself, in the face of collapsing sales, by trying to open up a new market in France. But it underestimated the cost and failed to find customers quickly enough.

The workforce's gesture proved too little too late and the company, based at Braintree, Essex, joined the ever-lengthening list of enterprises to fall victim to the recession. This week its buildings, materials and the skills of its staff were being advertised for sale.

According to Mr Howard Evans, the administrative receiver, "In most respects, the directors were blameless. Their sales nosedived in less than 12 months. They should have cut their workforce earlier, but you can understand why they did not."

A corporate struggle for survival now engulfs increasing numbers of British companies trying to come to terms with recession on a scale many have not previously confronted.

Interest rates have stayed higher for longer than any corporate plan could have envisaged. Every extra 1 per cent on base rates, according to the Confederation of British Industry, adds £500m a year to business costs and now, after only one cut, they still stand 6.5 percentage points higher than in May 1988.

The squeeze has placed enormous strains on corporate finances and in particular on the large number of businesses that expanded ambitiously on the back of borrowed money and in the mistaken belief that the economy would remain buoyant.

Simultaneously, the effect of high interest rates has undermined demand for products and services across the entire spectrum of the nation's economy.

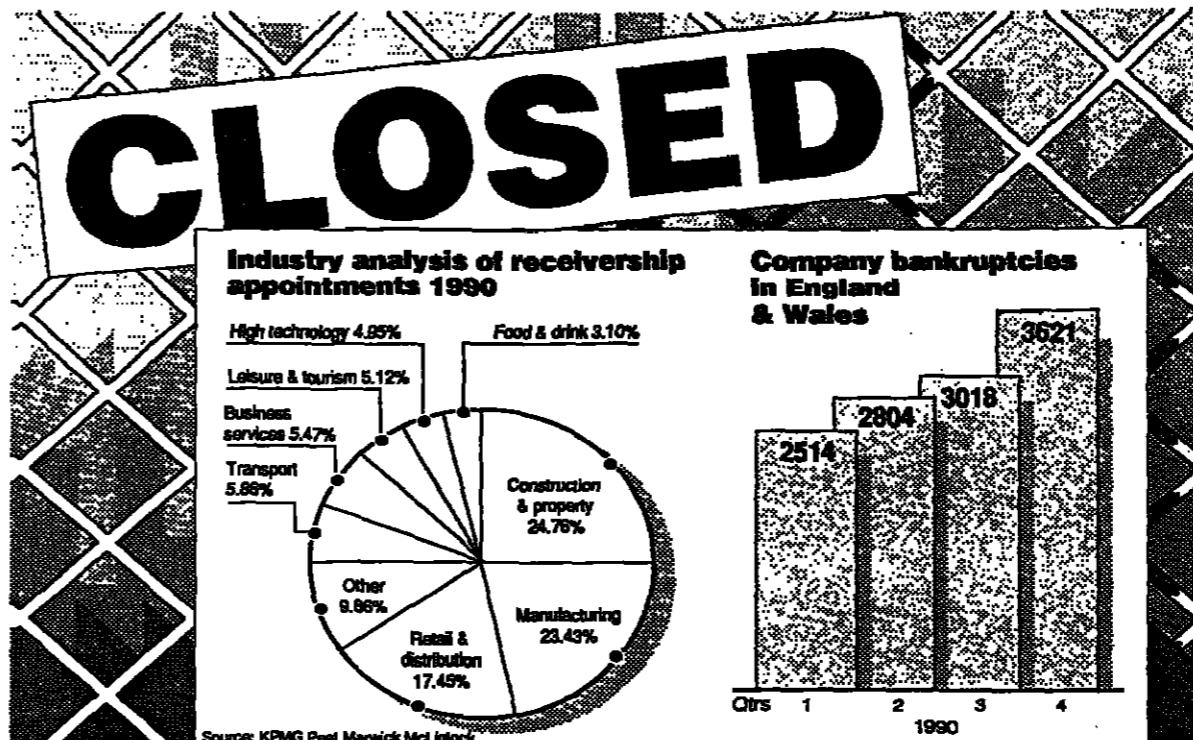
Every corporate collapse can ultimately be viewed as a failure of management, but there is ample evidence that businesses are not going down without a fight.

Companies are rescheduling debt, if their bankers are willing, and trying to sell assets, if they can find purchasers. They are reducing selling prices and making redundant many of the workers so recently recruited. The Labour party claims 1,000 jobs are being lost every working day – with the south-east among the worst-hit areas.

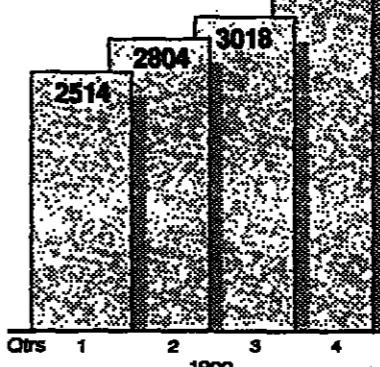
Each new set of statistics underlines the extent of the reversal which now besets the economy. Receivables in 1990 exceeded 2,800, more than double the annual figures recorded in the buoyant mid-1980s. This week, KPMG Peat Marwick McLintock, the accountancy firm, calculated that last year more than 8,800 businesses sought voluntary liquidation to put an end to their plight. There were another 5,859 compulsory

Michael Cassell describes the battle for survival being lost all over corporate Britain

Hard times, and getting harder



Company bankruptcies in England & Wales



Liquidations and a further 11,357 bankruptcies.

But there is no suggestion that the worst is yet over. The first weeks of 1991 have seen the roll-call of receiverships continue to lengthen. The list includes established businesses such as John Dee Group, one of the UK's largest road hauliers, which finally succumbed to a cash flow crisis.

It has already been joined in receivership by names such as RPK Group, the USM-quoted mini-conglomerate, Velin Pollen, once one of the most dynamic names in the public relations industry, and Stormseal, the third-largest double-glazing group in the country.

"This one is right across the board. Last time, I would get a call from a bank and I could almost guess what sort of business it would be. Now the telephone goes and it can be any-

thing."

Lewis's was also put up a fight after 13 years of successful trading and two years of independence from Sears. Debts arising from a management buy-out at a time when the retail sector was a stock-market favourite had reached £3.5m and sales revenue was plummeting.

According to Mr Griffiths of Grant Thornton, the accountants: "The cash position was good because they sold off some of the stores and leased them back. But they were committed to a programme of expansion and refurbishment financed on the back of additional finance at higher interest rates."

National Westminster Bank was prepared to maintain support but, in view of the outlook for retail sales, not ready to provide additional funds.

Within the Exchange Rate Mechanism of the European monetary system. If the pound falls through its ERM floor he may have to raise the rate again.

Economists see nothing extraordinary in this. In the run-up to an election, it could finish the Conservative.

The alternative — a devolution — gets us out of the recession quickly, but coming so soon after entry to the ERM it would be a political humiliation. Labour would make a meal of it. The Tories seem trapped.

They could, however, spring free. If the markets believe in a sharp fall in inflation, they might accept interest rate cuts without driving sterling down.

All the economic factors, excepting unemployment, would then be right. It would be down to politics, and a hidden joker in the pack: the Liberal Democrats. They usually do better in elections than the polls show. If they move from their present 10 per cent to 14 or 15 per cent, the opposition vote is once again split, and Mr Major is in with a chance.

Major's back against the wall

High interest rates are hurting the Tories, says Joe Rogaly

is over its boot to the government's popularity will fall away. By then memories of Mrs Margaret Thatcher will have begun to fade, so that the boost given to the Conservatives by her departure can also be discounted.

There is support for this theory in the Gallup poll in yesterday's Daily Telegraph. It shows Labour edging into the lead in spite of the Gulf war. More to the point, most people now believe their household finances will worsen over the coming year. A government that goes to the electorate with this "feelgood factor" running against it cannot hope to win an overall majority in the House of Commons.

The outcome of the election also depends on how voters perceive rising

unemployment. Nothing the government does now can prevent a lengthening of the dole queues, probably well into 1992. Rising unemployment did not prevent the Tories from winning in 1983, but then Mrs Thatcher was hardly opposed. The Social Democratic party had taken away many Labour supporters and what was left of the party was led by Michael Foot. The electoral effect of rising unemployment this time is therefore unknown.

Meanwhile plenty can be done to improve the "feelgood factor" for households whose earners are in jobs. Interest rates can be cut, as they presumably will be once the retail price index can be shown to be falling.

Next Friday could be a start. Public sector pay can be allowed to rise faster than the forecast rate of inflation; the forces, nurses, teachers and civil servants are already beneficiaries.

Money can be put in the pockets of the skilled working class voters without whose support the Conservatives are in danger of losing the Midlands and southern constituencies gained during the Thatcher years. This may be arranged by juggling income taxes and personal allowances. Watch Mr Norman Lamont present his first Budget on March 19.

Interest rates could also be cut at that time — but here there is a difficulty. Mr Major has committed Britain to maintaining sterling

MAN IN THE NEWS

Nicholas Brady

Banking on the need for reform

By Peter Riddell



reforms. He argues that it is vital to strengthen the health of the system by securing additional capital; to make American banks internationally competitive again; and to offer consumers a wider choice. He sees customers as the main beneficiaries of his plan, since US banks, like British ones now, will be able to offer a full range of lending and other financial services.

He will have to overcome not only congressional fear of repeating the deregulatory mistakes which led to the savings and loan scandal but also a myriad of affected interests, all with political influence. There is no uniformity of view — there never could be among the 12,500 US banks. Small, community-based banks are wary of changes which threaten their independence. Investment houses, insurance and property companies and almost anything with financial in its name is affected.

Despite initially cautious comments from Congress, he argues there is a "time and tide to get the job done". He notes that even Congressman John Dingell, chairman of the House Energy and Commerce committee, who has blocked previous attempts at structural reform, has said he is willing to work with the Treasury to produce good legislation.

Banking lobbyists wonder whether this success has not produced over-confidence. The savings and loan industry faced a much more urgent crisis than banking does now. Insofar as there are parallels, it could mean that Congress will only respond to more pressing issues such as the recapitalisation of the bank insurance fund and reform of deposit insurance. Both Senator Donald Riegle and Congressman Henry Gonzalez, chairmen of the Senate and House Banking committees, have argued for waiting until after a strengthening of supervision and deposit insurance has occurred before changing banking structure.

If Mr Brady succeeds in winning approval for his package, he will have earned a place alongside McFadden, Glass, Stagall, McCarron and those other architects of the restrictive laws he is seeking to scrap. The odds may be against him, but he says he is an optimist because "I feel so strongly that the proposals are really right".

sufficient to win Mr Brady's public battles? Mr Bush joked earlier this week that the Brady proposal will be called the Bush proposal if it is successful. It is up to Mr Brady to achieve that success.

Critics argue that the Treasury lacks the necessary political skills and muscle. They point, for instance, to its long and so far unsuccessful battle to overturn the recent legislation on the futures markets, and their congressional allies, to a shift in the regulation of stock index futures. Similarly, the Treasury became involved in a public row last autumn with members of the House Banking committee over additional funding for the savings and loan rescue. The money was blocked at the last minute, though Mr Bush was probably bound to lose ahead of the mid-term elections.

By temperament and preference, Mr Brady is less of a high-profile public figure, and more of a close counsellor to Mr Bush. In many respects, he is still the investment banker he was for so many years at the solid, if unadventurous, Wall Street house of Dillon Read. Only now he is personal investment banker to the US president.

His standing in Washington derives from his influence with Mr Bush. Their close relations are apparent when they are seen together; this week Mr Bush went out of his way to praise his "able" Treasury secretary. The key to their relationship is trust. Unlike Mr Baker or the Budget director, Mr Richard Darman, Mr Brady has no political ambitions.

But is this private support



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Lewis's is also believed to have unsuccessfully sought an injection of venture capital. The 3,400 staff agreed an emergency pay cut but it was in vain.

Other management buy-outs, planned or otherwise, appear to have been short-lived. BAL (UK), a Warwickshire-based manufacturer of components for the broadcasting industry, is also in the hands of Grant Thornton.

The business has an annual turnover of £25.5m but carried a high debt burden arising from its purchase out of the Vanderhoff Group in 1989. The three directors also injected personal funds but, almost at once, sales declined sharply.

Mr Roy Atkins of Grant Thornton says: "They were technically and financially bright and could have withstood the interest rates but not the additional burden of collapsing sales." The business is for sale.

Businesses selling luxury items have not escaped. Follett, which has been selling cars in London for 60 years, has been forced to appoint receivers to parts of its business because of a slump in sales. Last year, it cut its ties with Porsche and switched to Mazda, a franchise which is unaffected by receivership, to try to improve its prospects. The Mazda franchise survives. Mr Edwin Kirke, Follett's joint administrative receiver from Pannell Kerr Forster, again paints a picture of experienced, astute directors essentially overwhelmed by events.

Mr Robert Ramsey and Mrs Helen McLean have just encountered the same fate. Fifteen years ago they set up Toy & Hobby International, which they built into a business with a £13m turnover, operating from nine stores in the north-west.

Mr David Swanson of Leonard Curtis, the receivers, says sales fell, competition increased and the last straw was a Christmas when sales actually declined further. "They tried to unlock the value of some of their properties and sought equity finance but there were no takers. The bank was not prepared to wait another year for a revival."

The banks inevitably come in for criticism when they finally pull the plug, although their stock response is to stress that they are providers of risk capital and that all too often, they are kept in the dark about mounting problems.

According to Mr Griffiths of Grant Thornton, the accountants: "The cash position was good because they sold off some of the stores and leased them back. But they were committed to a programme of expansion and refurbishment financed on the back of additional finance at higher interest rates."

He concludes: "One thing I have learned is that every boom will be followed by hard times. People never believe the good times are going to stop. They always, always do."

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Mr Major has committed Britain to maintaining sterling

within the ERM.

He may have to raise the rate again.

Economists see

Next week? The week after? When the "real fighting" in the war against Iraq will begin, with the engagement of US-led ground forces beyond the borders of Saudi Arabia, is still anybody's guess - and if allied commanders have anything to do with it will remain that way until it happens.

As with the opening of their bombing campaign, they will count on tactical surprise as to when and where the ground offensive to claw back the territory of Kuwait will start. Most pundits' versions feature one sudden assault along multiple axes, 1944-Normandy-style. Some analysts, however, now believe there may not be a real D-Day at all, but a mounting series of operations.

The visit to the Gulf today by Mr Dick Cheney, US defence secretary, and General Colin Powell, chairman of the Joint Chiefs of Staff, highlights Washington's predicament in this transition stage between the two main phases of the war. We are now more than three weeks into the bombing. The longer it goes on, the military gains will decrease and the political drawbacks increase. But set against this are formidable hazards, both military and political, in the conduct of a land war.

The results of the air campaign are probably as much as allied commanders could have expected, with extraordinarily low losses on their side. Cloud and rain, some of the worst weather seen at this time of year in the region for 25 years, held things up, especially early on, impeding precision attacks and evaluation of the damage. Efforts were also diverted to hunting for Scud missile launchers in western and southern Iraq - weapons less significant militarily than in their public impact in Israel and Saudi Arabia.

Allied officials deny that the overall plan has been set back or that a land offensive was envisaged before mid-February. But among the many predictions made about allied plans, few foresaw such prolonged air bombardment.

There are already diminishing returns. Bombers have to return to targets to keep them out of use. After systematic carpet-bombing of Iraq's Republican Guard divisions near Kuwait's northern border, US B-52s have switched to the more concentrated troop formations in the infantry front line. But senior airmen say, they will again reach a point where results no longer match the effort.

The spectacle of continued bombing - often as many sorties per day as during the whole 12 days the US Air Force spent bombing Hanoi in 1972 - is not easily accepted by some western publics, nor to speak of Arab and Moslem publics. The long, bird-of-prey wings of the B-52 are an emotive symbol, especially against an enemy that so far has done little except to take punishment.

The allies say they have acted under an unprecedented degree of constraint in sticking to military targets. Senior officers do not believe a decision would be made, for instance, to attack aircraft for that Iraqis have dispersed for protection in villages and orchards. But they could not expect to avoid killing civilians, even though the number of civilian casualties is certainly dwarfed by the number of Iraq's military casualties.

Damage to Iraq's infrastructure is also provoking growing controversy. The US and its allies say they are not out to destroy Iraq, but it is unclear quite what this means. Eighty per cent of Iraq's oil-refining capacity, many power installations, and most key bridges over the Tigris and Euphrates are said to have been substantially destroyed. Allied officers say these are valid military tar-

The expected push into Kuwait raises formidable military and political hazards, says David White

Countdown to the land offensive



A British corporal protects Rapier missiles as allied commanders contemplate a ground war

tives per day as during the whole 12 days the US Air Force spent bombing Hanoi in 1972 - is not easily accepted by some western publics, nor to speak of Arab and Moslem publics. The long, bird-of-prey wings of the B-52 are an emotive symbol, especially against an enemy that so far has done little except to take punishment.

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tives because their destruction limits President Saddam Hussein's ability to fight a long war.

The extent of damage has helped create a swamp of misunderstandings over war aims. From the onset of hostilities, US and British leaders have added to the objective of restoring Kuwait the clearly expressed aim of breaking Mr Saddam's capacity for offensive warfare, using as their text the UN requirement "to restore peace and stability in the area". But that phrase could also be used to cover other aims, not yet articulated.

The allies proclaim having any specific objective for Iraq's own regime. But senior British government officials foresee that aims could harden up as the conflict develops, for instance in response to the use of chemical or biological weapons. The risk of breeding distrust and suspicion if aims are not fully spelled out is offset by the risk of allied division if they are.

The military hazards of a land war are obvious. On the ground, the allies face numerically superior forces fighting with their backs to their own country. They would have to go for a quick victory, relying on Iraq's lack of surveillance, or their own command in the air and, once again, on technological advantage.

Against that will be the enormous logistical challenge of supplying a force thrusting deep into enemy territory, using ammunition in unprecedented quantities.

Politically the risks stem from the impact of casualties sustained by both sides and the prospect of increasing tension in the coalition. Only US, British, French and Saudi ground forces are fully counted on as unconditional participants in an offensive. Other Arab and Moslem allies might join in an offensive only within Kuwait, or fight only defensively, or opt out.

It is a matter for speculation how far into Iraq an allied force will go. The operation is likely to mean a de facto occupation of part of Iraq - Basra, for instance, the focal point for Iraqi command in the region. That would place further strain on Arab allies in the face of their own public opinion. In principle, the occupying force would be very temporary, until Iraqi forces left Kuwait; but after cutting off Iraq's divisions in the Kuwait theatre, the allies could still have physically to get them out.

But a land offensive is not an easy step. What we have seen from a distance so far has been a sanitised war. Thousands have been killed by the bombing, but apart from film of civilian casualties we have known little about the bloodshed. That will change once the border is crossed.

LETTERS

Congress must be shown EC is serious on Gatt

From Mr James Moorhouse MEP

Sir, Regarding your editorial ("Getting a grip on the Gatt", February 5), it would be easy for the political and economic benefits that a Gatt agreement would bring to be lost in the fog emanating from the war in the Gulf.

Governments, particularly those in the EC, need to be reminded of the urgency of reaching a Gatt agreement on time.

Your editorial missed one crucial point: how to get a grip of the Gatt. If the Uruguayan round of the Gatt is to be saved from collapse, the US Congress needs to be convinced that the EC is negotiating in good faith. It has manifold reasons to doubt this, at least as far as agriculture is concerned.

If Congress is to be persuaded to extend its "fast-track" authority for the round, it needs to receive an immediate and clear political signal from Brussels of the Community's willingness to reach agreement on agriculture so that the rest of the negotiations can be unblocked.

It is the European Commission's sole responsibility to do this, and it has a mandate from the Rome Summit to fulfil it. However, it is equally the responsibility of member governments to provide the Commission with the political support essential for any EC position to be credible. It must request further meetings of the Council for them to grant this.

The Commission must, by the end of this month, commit itself to reaching an agreement on agriculture. This must involve commitments on import access and restrictions on export restrictions to run up to 1995, with a further commitment to negotiate more reductions in agricultural supports post-1995 in the light of progress on internal CAP reform.

With such a statement, Congress would have grounds for granting an extension for an interim agreement to be reached by May/June, with a two-year extension for negotiating the post-1995 agreement.

James Moorhouse,
European Parliament,
European Democratic Group,
97-113, rue Belliard,
1047 Brussels

Rayner wrong on water privatisation

From Mr Michael Corney

Sir, Your leader (Monday Interview, February 4) is right in saying that one reason for water privatisation was the arcane Treasury approach to investment. However, every other reference he made to water was wrong.

Limited water restrictions in a few parts of the south-east in winter are explained by his own points about the Treasury and the time needed to plan

great changes.

Competition policy not designed to block mergers

From Mr Tony Powell MP,

Sir, Your leader ("Mr Lilley gets it wrong", January 31) about the UK government's competition policy was wrong about the Monopolies and Mergers Commission reports and about the nature of the government's policy towards state acquisitions.

The MMC in each report has accepted the principle that state ownership can give rise to legitimate public interest and competition concerns. In one of the three cases so far reported, the MMC has judged that the worries created by nationalised ownership strengthened the case for blocking the merger.

In the other two cases, the MMC has quite reasonably found that although public ownership could cause trouble it is non-discriminatory: it applies to nationalised industries wherever they may be located. Separate rules apply in cases within the jurisdiction of the market.

By contrast, the acquisition

of an existing company could cut

Tony Powell,
House of Commons,
Westminster, SW1

access to very cheap money which could undermine its competitors? Would it be prepared to run uncommercial levels of loss for a long period in order to drive competitors out of the market? Would it, for example, pursue a course of policy dictated by the interests of the ultimate state owner rather than the commercial interests of the business? At its extremes one can see how damaging this might be if, for example, an Iraqi nationalised industry were allowed to buy a British private sector weapons manufacturer.

The leader is wrong to suppose that the prime intention of the government's policy is to block mergers emanating from EC member states. The policy is non-discriminatory: it applies to nationalised industries wherever they may be located. Separate rules apply in cases within the jurisdiction of the market.

The advent of new investment by state banks in London will not normally be on a scale or in a style likely to damage competition. On the contrary, they strengthen competition by producing new competitors in the market.

However, the policy is to pose a threat to the levy as it full market price had been obtained.

Alan Beith MP,
Labour Spokesman,
Liberal Democrats,
House of Commons,
Westminster, SW1

Why should ports which have never been part of dock labour schemes have to bear this cost? Why should these resources not be invested in the infrastructure of the areas around the ports? At the very least the sale of shares at below market price to port employees should not be subject to the levy as it full market price had been obtained.

Alan Beith MP,
Labour Spokesman,
Liberal Democrats,
House of Commons,
Westminster, SW1

Letters to the Editor may be faxed to 071-873 3383.

The fax machine should be set for line resolution.

Readers with an electronic mail service can use that for a direct computer to computer link, but should first phone our computer department on 071-873 4823.

Civilian transport with humanitarian aid for the Soviet Union.

The trucks and vehicles had no registration plates or marks indicating that they carried humanitarian aid, for example Red Cross signs. They were not insured and were driven by Soviet armed soldiers who failed to produce international

driving licences. The convoy was escorted by Soviet armed guards bringing the total of Soviet soldiers up to about 1,000. The convoy was therefore not allowed across Poland.

After an appeal by the Russian Church, the Polish government agreed to make an exception and to allow the convoy passage through Poland driven by military drivers providing the vehicles had proper documents, were insured and were marked with the Red Cross sign, their drivers were unarmed and wore civilian clothes. It was also stipulated that the convoy should move across Poland in several smaller groups of vehicles.

However, Poland cannot allow passage of a large and burdensome convoy, resembling military transport.

The representatives of the organiser of the convoy accepted these conditions on several occasions but the con-

voy still attempted to cross the Polish-German border a week ago in much the same way as they arrived. They were therefore back.

Poland's attitude was fully appreciated by the German foreign ministry as shown by a statement of February 1 1991 by its press spokesman.

Civilian transport with humanitarian aid for the Russian church.

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Experts believe the ultimate military outcome is set, as long as US remains committed to fighting. But in the words of one British general: "There will be all sorts of surprises in getting there."

Allied commanders are worried that before their offensive begins Iraq might try another attack on a grander scale than its Khafji raid 10 days ago. That series of incursions showed up the Iraqis' difficulties getting across their own defences and their exposure once in front of their lines. But it is thought they might respond to continued unrelenting bombing by trying to inflict impressive casualties.

Iraq is known to have rushed out chemical munitions to its troops units in the pre-war months at what military observers describe as a "frenzied" rate. Its best chance of using them effectively, probably by means of artillery and rockets, might be when allied troops are massing for attack, rather than when they are already on the move.

Mr Saddam may believe not only that he can wrest a political triumph from the war - by showing that he has stood up to and fought the US superpower - but that he can actually win it militarily. His war against Iran convinced him of the value of entrenched defences. Since, in the view of western analysts, he has never learned how to use his forces, he may not realise the significance of the air power deployed against him, and may not be fully aware of how much his forces have already suffered. He would count on turning the land battle into a war of attrition, holding the alliance advance while the alliance itself was falling apart, and undermining America's will to continue fighting.

US leaders are in a military quandary: between the desire to secure maximum advantage before a land campaign, and thereby to minimise their own casualties, and the need to get the war over with. Pressures on time include the added difficulty of fighting once the heat returns; the Moslem holy month of Ramadan starting in mid-March, followed by the pilgrimage season; the damage being done in the meantime to Kuwait; and the growth of Mr Saddam's support in the Arab and Islamic world.

But a land offensive is not an easy step. What we have seen from a distance so far has been a sanitised war. Thousands have been killed by the bombing, but apart from film of civilian casualties we have known little about the bloodshed. That will change once the border is crossed.

ish monetary officials say its fall has been "unhelpful". The Italians are determined that the contradictory signals from the "big three" should be discussed at Monday's meeting in Basle of central bankers from the major industrial countries, increased the threat to the three nations' important dollar-based export markets in the US and the Third World.

By contrast, and in spite of well-publicised calls for coordinated central bank intervention to brake the dollar's fall, the US, Germany and Japan - the industrial world's leading economic powers - have appeared insouciant about the US currency's plight.

Monetary officials in other centres are still furious at the way the dollar's latest bout of weakness was triggered by last week's unco-ordinated increase in German interest rates and the US authorities' decision to cut their discount rate. This action, shortly after the G7 promised "to maintain stability in international financial markets", increased the D-Mark's attraction to investors.

The central banks entered the market on Monday after the dollar came under heavy selling pressure in the Far East. But in spite of official dollar purchases, estimated at about \$16 billion between Monday and Thursday and perhaps \$200m yesterday, doubts persist about the "big three's" support for the greenback.

Alone among central banks, the US Federal Reserve System has intervened daily to prop up the dollar. But for much of the week, senior government officials, headed by Mr Nicholas Brady, the Treasury secretary, undermined the intervention

No fun being poor in the rich man's club

Peter Norman on divergent responses within the Group of Seven to the dollar's depreciation

This has been a bad week for Britain, Italy and France.

As the dollar fell to new lows against the D-Mark and the pound moved upwards temporarily through the \$2 level, they learned the hard way that it is no fun being the poorer members of a rich man's club.

For the three smaller European members of the Group of Seven leading industrial countries, the dollar's fall has added yet another piece of bad news to a grim picture of recession in the UK and economic slowdown in France and Italy.

It has helped pin the British pound and French franc to the bottom of the exchange rate mechanism of the European Monetary System, limiting the ability of London and Paris to lower interest rates.

The US currency's decline has also increased the threat to the three nations' important dollar-based export markets in the US and the Third World.

In the *sotto voce* world of international financial diplomacy, there have been quiet clear signs of concern from Britain, France and Italy about the dollar's fall.

Mr Pierre Bérégovoy, the French finance minister, has said that he is "preoccupied

by calls for lower interest rates to combat the US recession. Only on Thursday - after vigorous European lobbying in Washington - did Mr Brady state: "We don't have a policy of a weak dollar."

Germany continues to grow strongly as it devotes much of its financial and industrial capacity to restructuring the former East Germany. Some companies have complained about the dollar, including the luxury car maker Daimler-Benz. But the authorities in Bonn and Frankfurt want a strong D-Mark as well as high interest rates to control such inflationary pressures as rapid money supply growth and wage claims over 10 per cent.

A weak dollar is a greater threat to the trade of Britain, France, and Italy than to Germany and its economic

INTERNATIONAL COMPANIES AND FINANCE

Toyota Motor falls 9.6% as Japan sales slow down

By Emiko Terazono in Tokyo

TOYOTA MOTOR, Japan's largest carmaker, announced a 9.6 per cent fall in pre-tax profits to Y298.1bn (\$2.33bn) for the six months ended December 1990, as a slowdown in domestic sales and increased costs hit earnings.

The decline, the first since 1986, is another sign of the problems facing Japanese automakers after several years of surging domestic demand, and the announcement follows a decision by Toyota to cut office costs by 10 per cent.

Toyota said sales for the half year rose 16.6 per cent from a year earlier to Y4,265.4bn, but sluggish domestic sales in

recent months, and an increase in labour, research and development and depreciation had depressed profits.

Sales growth was attributed to model changes and strong exports to south-east Asia, though after-tax profits dipped 0.7 per cent to Y164.2bn, and operating profit fell 15.6 per cent to Y200.6bn.

Exports of parts for overseas production declined 4.2 per cent to Y185.6bn, the company said, to an increase in local production, especially of engine parts in the US.

Toyota said sales for the half year rose 16.6 per cent from a year earlier to Y4,265.4bn, but sluggish domestic sales in

4.26m units to 4.18m, and Mr Shiohei Kurihara, the executive vice-president, said that a 16 per cent fall in the company's US sales in January had prompted a review of export levels to that market.

But the company said that sales revenue is expected to increase 9 per cent to Y3.7 trillion (million million) for the full year because of price increases and strong demand for the higher-priced cars.

The company would not forecast pre-tax profits for the full year ending June but said only that it would try to maintain last year's level of Y183bn for the parent company.

Maxwell to sell French TV stake

By William Dawkins

MR ROBERT MAXWELL, the British media magnate, has started to carry out his plan to sell a minority stake in TF1, France's leading commercial television channel in which he is the second largest shareholder.

He has offered his 12 per cent stake to the other shareholders in the channel and informed the CSA French broadcasting authority. They have three months to make up their minds.

Mr Maxwell's decision to pull out, announced last October, is the latest ripple to disturb the perennially unsettled

French television industry, in which TF1 is the only profitable channel, with an audience share of well over 40 per cent.

Another TF1 shareholder, the Garantie Mutuelle des Fonctionnaires investment group, has also decided to put its 6 per cent stake on the market.

Tensions had been growing between Mr Maxwell and Bouygues, the French construction group, which runs TF1 and owns 25 per cent of the shares, the maximum stake in a television channel allowed under French law.

Mr Maxwell claims that

Bouygues ran TF1 without reference to other shareholders.

He opposed the construction group's choice of Mr Patrick Le Lay as chairman and complained that the channel lacked European ambition.

It is not yet known which of the other investors will pick up the shares, amounting to a total stake of 18 per cent, now on the market. They include the Italian publishing group, Rizzoli-Corriere della Sera which bought 2 per cent last November, the Groupe Worms holding group, and the bank Société Générale, among others.

Shipyard deal approved by Finland

By Enrique Tessier
in Helsinki

FINLAND has given Kvaerner, a Norwegian shipyard and offshore oil technology group, approval to acquire Mass-Yards, a shipbuilding company built from the wreckage of Wärtsilä Marine, one of Europe's largest shipyards.

The Finnish state has also agreed to sell to Kvaerner its 27 per cent stake within Mass-Yards for FM140m (\$39.6m). Union Bank of Finland (UBF) and Eiffjohn, a Finnish shipping group, together with Carnival Cruise Lines have also agreed to relinquish their joint 21 per cent stake of Mass-Yards to Kvaerner.

Last November, Kvaerner acquired 52 per cent of Mass-Yards for FM120m from UBF/Eiffjohn. The acquisition by the Norwegian company happened after the Finnish government made an unsuccessful bid to merge Finland's two other shipyards - Rauma-Repola and Hollming - with Mass-Yards.

This follows a similar index, the Eurotrack 100, launched last autumn, with the difference that the 200 includes UK as well as continental European stocks.

Mr Herschel Post, ISE deputy chairman, said the two indices would appeal to different types of fund managers, depending on whether they looked at continental Europe as a separate part of their portfolios, or whether in investment terms they regarded the continent as a whole.

The real-time index is an amalgamation of the Eurotrack 100 and the FTSE 100 index of UK stocks, with real-time prices drawn from the ISE's SEAQ and SEAQ International price quotation systems.

The indices were designed to track closely the main benchmark indices, including the FT

Actuaries, said Mr Post. Unlike the 100, which is calculated in D-Marks, the 200 is based in Ecu. This is because, with sterling-based stocks representing 43 per cent of the index, it does not make sense to use the D-Mark, the ISE said.

The 100 index had attracted criticism before for using the D-Mark, while its only rival, an index developed by the European Options Exchange based in Amsterdam, used the Ecu.

The ISE said it had licensed seven securities firms to develop derivative instruments based on the 100. However, the success of both products will depend on them being taken up by an exchange and used as the basis of a new instrument.

The London International Financial Futures Exchange is expected soon to decide whether to take up the Eurotrack indices, while the ISE said it was also in discussion with exchanges in the US.

Kvaerner: Raw 5261 (2000) lots of 5 tonnes. ICD indicator prices (US cents per pound) for Feb 7: Comp. daily 67.49 (87.56), 15 day average 67.56 (87.07)

Crude oil (per barrel FOB) + or -

Promium Gasoline 237.241 + 2.00

Cet. Wt. 100 200 - 5

Heavy Fuel Oil 54.429 + 1.5

Naphtha 226.230 1-3

Petroleum Argus Estimates

Other + or -

Gold (per troy oz) \$170.25 + 2.00

Silver (per troy oz) 383.25c + 3.25

Platinum (per troy oz) 535.25c + 3.10

Palladium (per troy oz) 285.25c + 2.75

Aluminium (US market) + 25

Copper (US market) 112c + 25

Lead (US market) 34c - 1

Nickel (US market) 39c + 3

Tin (Kuala Lumpur market) 14.77c + 0.05

Tin (London market) 25c

Zinc (US market) 102.70c + 2.00

Crude oil weightn 100 bbls + 2.00c

Steel (UK market) 140.20c + 2.71c

Pigs. live weightn 85.20p + 4.45c

London daily sugar (raw) 297.10c + 1.0

London daily sugar (white) 327.50c + 0.5

Tote and Lyte export price 217.0c + 2.0

Bailey (English feed) Unq. 149.50c + 1.00

Rubber (Apr) 49.50c + 1.00

Rubber (LRL RSS No 1 Feb) 228.50c + 0.5

Coconut oil (Philippines) \$320.00w + 10.00

Palm Oil (Malaysia) \$330.00w + 50.00

Copra (Philippines) 32.010c + 0.05

Soybeans (US) 134.75c - 0.75

Cotton (US Super) 48.70c + 4.75

Woolens (US Super) 401p

Per tonne unless otherwise stated. p-pence/kg. t-cents/kg. t-naira/kg. q-Mar/Apr. 1-Feb. w-Mar.

Mar 2-Jan/Feb 1-Mar. 1Mest Commission average laststock price * change from a week ago

*London physical market. SCF Rotterdam. Bollard market close. m-Malaysian cents/kg.

Torras takes control of paper market in Spain

By Peter Bruce in Madrid

TORRAS HOSTENCH, the Spanish industrial group which is 60 per cent owned by the Kuwait Investment Office (KIO), has acquired paper business from the Sarrío group for Pta 45m (\$500m).

The deal, concluded through the transfer of Pta 35bn of assets plus a Pta 10bn cash payment, gives Torras control of Spain's \$2.5bn a year paper market. Torras will control the newsprint market plus the bulk of Spain's writing paper business.

The assets Torras has swapped with Sarrío, part of the Italian Saffia group, are 4 per cent of its sugar and foods division, Ebro, 6 per cent of property developer Prima Immobiliare and 9.8 per cent of Torras Papel plus a cardboard production plant.

The deal surprised analysts. Saffia, which controls about 25 per cent of the EC cardboard market, had only recently taken its holding in Sarrío up to 54 per cent. They said the deal would probably give the Italian group a commanding position in Spain's 350,000 tonnes a year cardboard market.

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It is estimated that the enlarged paper operations of Torras would have a turnover of about Pta 125bn on 1990 figures, making the new unit very much bigger than its nearest Spanish rival, Papelera Espanola, which is expected to report paper sales of some Pta 14bn for 1990.

Torras officials said the sale last month of an oil refining business, Ertoli, to a group of French investors for Pta 500m had not been used to finance the Saffia deal.

However, Mr Paul Keating,

Packer pledge rules out Fairfax bid

By Kevin Brown in Sydney

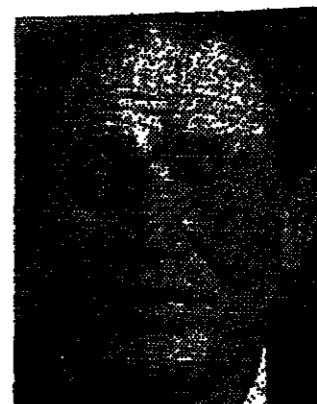
MR KERRY PACKER'S privately owned Consolidated Press Holdings appeared to rule itself out of the bidding for the John Fairfax newspaper group yesterday after undertaking to retain a holding of 33 per cent in the Channel Nine network and John Fairfax.

Mr Kim Beazley, the communications minister, also let it be known that the government was prepared to introduce emergency legislation if it was necessary to strengthen the cross-ownership regulations.

Mr Packer's commitment to Channel Nine followed rumour that a capital raising exercise for the network was a prelude to a disposal by Consolidated Press of its Channel Nine shareholding.

The rumour caused a fall of one cent to 44 cents in shares in Nine Network Australia, the quoted vehicle for the network, as concern rose that that Consolidated Press management would be withdrawn.

Nine Network said in a statement to the Australian Stock Exchange that it intended to raise A\$170m (\$135m) through an issue of 42m preferred ordinary shares at 40 cents each, underwritten by Hambros Securities.



Kerry Packer, undertook to keep Channel Nine stake

At the same time, Consolidated Press and Australian Consolidated Investments (formerly Bell Resources) will cancel 42m options, due to expire in 1995, which are currently trading at 21 cents.

The cancellations will reduce the Consolidated Press holding in the network from 52 per cent to 38.8 per cent. ACIL's receiver, had told bidders the group will not be broken up.

holding will fall from 30 per cent to 21.4 per cent.

The statement, signed by Mr Trevor Kennedy, managing director of Consolidated Press and deputy managing director of Nine Network, said: "Consolidated Press and ACIL wish to be known that they have no intention of reducing their holding below these levels."

Consolidated Press said the cancellation "represents a significant concession" to Nine Network. The capital raising would help the network cope with the impact of recession on its advertising revenue.

Nine Network Australia reported a net loss of \$651m for the year to June after写ing off much of the valuation placed on assets by Bond Corporation, the former owner.

Consolidated Press remains a possible purchaser of the Australian Financial Review, which sells too few copies to meet the criteria laid down by the cross-ownership regulations. However, Mr Des Nicholl, the John Fairfax receiver, had told bidders the group will not be broken up.

Net earnings plunge 37% at Amex

By Kenneth Gooding, Mining Correspondent

AMAX, the US natural resources group, reported a 37 per cent drop in net earnings for last year, from \$360.4m or 41.19 a share in 1990 to \$225.9m or \$2.56.

This was despite an improvement in fourth-quarter net earnings which were up from \$86.6m or 6.6 cents in 1990.

Mr Allen Born, chairman, said the results were satisfactory, particularly in the light of weaker aluminum prices and the US recession.

"Throughout the year, and especially in the fourth quarter, Amex was able to maintain a healthy earnings trend. That is a significant accomplishment in today's environment," he added.

The company is beginning to see the benefits of its expansion programme and we look forward to continuing improvements as the 1990s unfold."

Sales in 1990 totalled \$3.8bn, down slightly from \$3.9bn in 1989, a decline attributable mainly to the fall in the price of primary aluminum and aluminum products. The average industry price of primary aluminum ingot fell to 74 cents a lb last year from the 1989 average of 88 cents.

International Paper has just announced a Fr750m investment to double the capacity of Amex's pulp plant at Sallanches. It has also just paid Fr75.5m for the French cardboard and packaging businesses of Georgia-Pacific.

Amex's aluminum operations had their third best earnings year in 1990 with operating earnings of \$366m on sales of \$2.5m. Coal contributed operating earnings of \$115m and oil and gas \$25m.

Profits setback at two Swiss banks

By William Dulhorne in Geneva

TWO MEDIUM-SIZED Swiss banks yesterday reported substantial falls in earnings in 1990, albeit for different reasons.

Swiss Volksbank, the fourth biggest commercial bank, disclosed a net profit of SF110.8m (\$89.4m), down by 25 per cent, but said it planned to pay unchanged dividends of SF7.60 per share and SF7.50 per participation certificate.

Bank Leu, Switzerland's fifth biggest bank which last year came under the control of CS Holding, parent of Credit Suisse, the third largest, announced a plunge in net earnings from SF76.6m in 1989 to SF27.8m last year and will pass its dividend.

Changes in Swiss accounting practices imposed by the Federal Banking Commission led to a decline in the bank's net interest income of SF4.6m.

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Further support for the dollar

THE DOLLAR gained a little ground against most European currencies yesterday, after a co-ordinated round of central bank intervention. This was the third time this week that the central banks have intervened in concert; it has failed to prevent the dollar from falling on the week, but at the London close on Friday had succeeded in holding the currency above DM1.4500.

The German Bundesbank led an early round of intervention by European central banks. This was followed by further support for the dollar later in the day involving the US Federal Reserve, Bank of Canada and several European banks.

The early intervention

caught dealers by surprise, but was an example of using a thin market to maximum effect.

The dollar was trading quietly at around DM1.4570 when the Bundesbank entered the market. This drove it up to DM1.4600, before further sell

ing dragged the currency back towards the European close.

In subdued London trading, with volume restricted by staffing problems caused by severe weather conditions, the dollar finished towards the bottom of the day's range against the D-Mark. It rose to DM1.4565, from Thursday's close of DM1.4510, but over the course of the week fell from DM1.4675.

On the day the dollar also improved to FF14,9600 from FF14,9425 and to SF1.2440 from SF1.2375, but eased slightly to Y127.80 from Y127.95.

Economic fundamentals are

likely to put further downward pressure on the dollar, according to analysts, and after this week's efforts by central banks the line of least resistance appears to involve the Japanese yen.

Recent moves in interest rates have increased the appeal of the D-Mark over the yen, but market sentiment suggests the

exchange rate mechanism.

Sterling fell 96 points to

\$1.9675. It also declined to DM2.8950 from DM2.8975, to

Y254.00 from Y255.50, and to

FRF8.575 from FRF8.700, but was unchanged at SF1.4725.

The pound's index fell 0.2 to

94.2.

Estimated volume total, Cabs 833 Pcs 310 Previous day's open int. Cabs 22393 Pcs 16779

Estimated volume total, Cabs 165 Pcs 137 Previous day's open int. Cabs 21336 Pcs 22406

LONDON (LIFFE)

20-YEAR 5% NOTIONAL GOLD £100,000 units of 100%

Mar High Low Prev

Mar 91.17 92.11 90.99 92.26

Estimated volume total, 1408 (2349) Previous day's open int. 7251 (7254)

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 8 Day's spread Close One month % p.a. Three months % p.a.

UKP... 1.9825 - 1.9905 1.9870 - 1.9890

1 month... 1.9820 - 1.9900 1.9870 - 1.9890

3 months... 1.9818 - 1.9905 1.9870 - 1.9890

12 months... 1.9815 - 1.9900 1.9870 - 1.9890

Forward premiums and discounts apply to the US dollar

STERLING INDEX

Feb 8 Latest Previous Close

9.30 ... 94.2 94.4

9.50 ... 94.2 94.4

11.00 ... 94.2 94.4

11.50 ... 94.2 94.4

12.00 ... 94.2 94.4

12.50 ... 94.2 94.4

13.00 ... 94.2 94.4

14.00 ... 94.2 94.4

Estimated rates taken from the end of London trading. Six-month forward dollar 5.71-5.8500. 12 Month

Commercial rates taken from the end of London trading. Six-month forward dollar 5.71-5.8500. 12 Month

Forward premiums and discounts apply to the US dollar and not to the individual currency.

Estimated volume total, 1408 (2349) Previous day's open int. 7251 (7254)

CURRENCY RATES

Feb 8 Bank of England Central Bank of Ireland %

US\$ 1.70937 D.M. 1.45161

Canadian \$ 1.02724

Austrian Schilling 1.47210

Belgian Franc 10.50 43.5053

British Pound 1.42 1.1288

D-Mark 1.4525

Dutch Guilder 7.75 2.8100

Euro 1.4245

French Franc 1.42 1.1288

German Mark 1.4525

Japanese Yen 1.42 1.1288

New Zealand \$ 1.02977

Swedish Krona 1.1 7.93535

Swiss Franc 1.42 1.1288

UK Punt 1.42 1.1288

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CURRENCY MOVEMENTS

Feb 8 Bank of England %

Morocco 1.12.2

N.H.A. 1.12.2

U.S. Dollar 1.12.2

Canadian \$ 1.12.2

Austrian Schilling 1.12.2

Belgian Franc 1.12.2

British Pound 1.12.2

D-Mark 1.12.2

Dutch Guilder 1.12.2

Euro 1.12.2

French Franc 1.12.2

German Mark 1.12.2

Japanese Yen 1.12.2

New Zealand \$ 1.12.2

Swedish Krona 1.12.2

Swiss Franc 1.12.2

UK Punt 1.12.2

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FORWARD RATES AGAINST STERLING

Feb 8 1 3 6 12 months

US\$ 1.70937 1.70937 1.70937 1.70937

Canadian \$ 1.02724 1.02724 1.02724 1.02724

Austrian Schilling 1.47210 1.47210 1.47210 1.47210

Belgian Franc 10.50 43.5053 43.5053 43.5053 43.5053

British Pound 1.42 1.1288 1.42 1.1288 1.42 1.1288 1.42 1.1288

D-Mark 1.4525 1.4525 1.4525 1.4525

Dutch Guilder 7.75 2.8100 2.8100 2.8100 2.8100

Euro 1.4245 1.4245 1.4245 1.4245

French Franc 1.42 1.1288 1.42 1.1288 1.42 1.1288 1.42 1.1288

German Mark 1.4525 1.4525 1.4525 1.4525

Japanese Yen 1.42 1.1288 1.42 1.1288 1.42 1.1288 1.42 1.1288

New Zealand \$ 1.02977 1.02977 1.02977 1.02977

Swedish Krona 1.1 7.93535 7.93535 7.93535 7.93535

Swiss Franc 1.42 1.1288 1.42 1.1288 1.42 1.1288 1.42 1.1288

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MONEY MARKETS

Rates down again

THE RECENT decline in wholesale London interest rates continued yesterday, with three-month sterling interbank falling to 1.37-1.34% from 1.34-1.3% per cent. This reflected speculation about a cut in UK bank base rates and was not met with any obvious signal from the Bank of England defending the present rate structure.

Sentiment remained bullish on the Liffe market, where March short sterling futures rose to a peak 87.18, before closing at 87.12 compared

with 87.10 previously. These levels discount a cut of 1 per cent in base rates by delivery of the contract on March 20.

There was a large shortage

of day-to-day credit on the cash market, but the Bank of England declined any opportunity to signal its displeasure about falling money market rates.

Assistance was provided in the normal way at existing market rates, quelling fears that the authorities would lend funds at a penal rate.

The shortage was initially forecast at £1.250m, but was revised to £1.400m at noon and £1.450m in the afternoon.

UK clearing bank base lending rate 14 per cent from October 8, 1990

with 87.10 previously. These levels discount a cut of 1 per cent in base rates by delivery of the contract on March 20.

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There was a large shortage

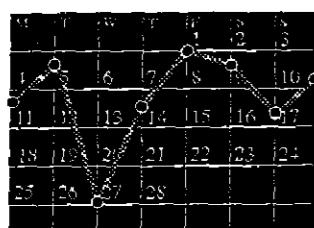
of day-to-day credit on the cash market, but the Bank of England declined any opportunity to signal its displeasure about falling money market rates.

Assistance was provided in

the normal way at existing market rates, quelling fears that the authorities would lend funds at a penal rate.

The shortage was initially

forecast at £1.250m, but was revised to £1.400m at noon and £1.450m in the afternoon.

**ECONOMIC DIARY**

TODAY: Plebiscite on whether Lithuania should stay in Soviet Union. Labour party local government conference begins in Nottingham. Young Conservative conference begins in Scarborough. Carnival begins in Rio de Janeiro (until February 12).
TOMORROW: British Phonographic Institute awards.
MONDAY: January provisional producer price index numbers from the Central Statistical Office. Foreign ministers of 15 non-aligned countries meet in Belgrade to discuss initiative for ending Gulf war (until February 12). Conventional Forces in Europe talks reconvene, Vienna. Blue Arrow fraud trial. Toshiba Year of Invention prizes, London. Launch of 1991 Agricultural awards.

TUESDAY: Fourth quarter figures for acquisitions and mergers published in Business Bulletin.

WEDNESDAY: Bank of England releases January figures for capital issues and redemptions. Details of employment, unemployment, earnings, prices and other indicators published by the Department of Employment. Financial Times two-day international banking conference opens, London. Oscar film awards, Los Angeles.
THURSDAY: Society of Motor Manufacturers and Traders gives January provisional figures of vehicle production. Employment department labour market statistics: unemployment and unfilled vacancies (January, provisional); average earnings indices (December, provisional); employment, hours, productivity and unit wage costs; industrial disputes. December index of output of the production industries; capital expenditure by the manufacturing industries (fourth quarter, provisional) from the CSO. Bank of England Bulletin fourth quarter figures for financing of the central government borrowing requirement; and monetary statistics including: M4 sectoral analysis; bank and building society sterling lending (fourth quarter).

FRIDAY: January figures for usable steel production from British Steel/BISBIS. Retail prices index and tax and price index (month) from CSO.

FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Friday February 8 1991						Highs and Lows Index						
	Index No.	Day's Change %	Ex-Earnings Yield (%)	Div Yield (%)	P/E Ratio	Adj. to date	Index No.	Index No.	Index No.	1990/91 High	1990/91 Low	Since Complicated	
1 CAPITAL GOODS (187)	745.11	+0.6	14.34	6.45	8.49	0.39	740.67	727.15	732.94	882.52	960.80	4.0 / 700	
2 Building Materials (25)	1026.72	-0.1	13.98	5.95	8.80	0.45	1027.79	1010.65	1014.66	1017.60	1188.21	21.3 / 700	
3 Contracting, Construction (31)	1147.40	+0.6	7.68	6.86	8.24	0.85	1140.99	1117.49	1119.42	1149.71	1219.92	21.6 / 700	
4 Electricals (10)	1996.65	+1.5	14.02	6.68	8.72	0.00	1996.49	1991.69	1996.99	2322.53	2751.15	4.0 / 700	
5 Electronics (25)	1629.11	+1.1	9.68	5.49	13.77	0.39	1611.26	1599.64	1599.21	1626.53	2044.44	4.0 / 700	
6 Engineering-Aerospace (2)	377.80	+2.3	16.87	6.14	7.12	0.86	379.03	368.82	368.92	374.97	382.42	13.6 / 700	
7 Engineering-General (47)	372.02	+0.5	16.10	7.06	7.49	0.24	380.23	353.46	354.49	374.97	380.46	13.6 / 700	
8 Metals and Metal Forming (3)	416.67	+0.9	21.90	8.26	5.64	0.00	412.36	398.00	398.36	401.15	421.41	1.5 / 700	
9 Motors (13)	179.15	-0.9	17.15	8.28	6.79	0.00	179.00	178.00	178.00	181.41	191.61	6.1 / 700	
10 Other Industrial Materials (20)	1135.50	+0.2	12.92	6.17	9.02	0.65	1135.12	1129.00	1137.72	1159.49	1174.44	3.0 / 700	
11 CONSUMER GROUP (182)	1273.01	+0.1	9.35	7.07	13.75	0.00	1273.01	1252.35	1255.34	1259.37	1357.03	3.1 / 700	
12 Breweries and Distilleries (2)	1612.60	-0.2	10.48	6.24	7.22	0.74	1615.32	1592.41	1592.21	1640.88	1650.55	2.0 / 700	
13 Food Manufacturing (20)	1073.75	-0.2	10.71	4.47	11.51	0.66	1075.08	1057.69	1054.94	1103.43	1184.81	3.1 / 700	
14 Garment (16)	2454.15	+0.1	8.70	2.17	15.00	0.00	2452.26	2407.90	2407.47	2271.14	2707.04	2722.30	5.0 / 700
15 Hotels and Leisure (22)	1161.44	-0.3	11.99	5.90	9.87	0.36	1164.82	1151.99	1151.72	1217.22	1251.25	2.0 / 700	
16 Media (25)	1228.37	-1.1	12.79	5.49	10.71	6.11	1220.30	1244.33	1250.57	1252.30	1270.72	2.0 / 700	
17 Packaging & Paper (11)	515.17	+0.7	9.83	6.42	12.46	0.30	513.88	527.62	519.51	526.50	527.62	1.0 / 700	
18 Stores (34)	289.46	+1.3	10.25	4.40	12.70	0.28	281.88	279.81	279.79	287.21	308.58	1.0 / 700	
19 Textiles (11)	412.13	+1.1	13.94	5.43	9.20	2.49	408.67	404.07	404.75	418.77	420.07	4.0 / 700	
20 OTHER GROUPS (111)	1066.42	-0.2	12.09	5.61	10.00	0.00	1065.97	1053.77	1111.88	1120.00	1135.88	4.0 / 700	
21 Business Services (12)	1030.00	-0.3	13.44	5.81	9.04	0.00	933.93	912.55	912.55	912.55	912.55	4.0 / 700	
22 Chemicals (21)	1136.18	+0.5	12.51	5.28	9.43	0.59	1130.00	1108.57	1111.88	1148.43	1161.45	1161.45 / 700	
23 Conglomerates (11)	1382.77	+0.7	7.45	6.60	8.77	0.63	1373.00	1368.00	1368.00	1373.00	1456.77	8.0 / 700	
24 Transport (15)	1856.39	-0.3	14.06	5.48	8.77	0.00	1856.39	1847.78	1847.78	1857.45	1925.78	4.0 / 700	
25 Electricity (12)	1119.94	-0.2	11.01	6.24	8.75	0.00	1119.94	1113.05	1113.05	1113.05	1113.05	7.0 / 700	
26 Telephone Networks (2)	2440.25	-0.2	13.89	5.74	8.04	0.00	2440.25	2440.25	2440.25	2440.25	2440.25	4.0 / 700	
27 Water (10)	1684.34	-0.4	11.19	5.38	10.40	1.01	1681.92	1661.43	1652.08	1707.82	1707.82	4.0 / 700	
28 Miscellaneous (27)	1080.30	+0.2	11.32	5.05	10.61	1.73	1078.03	1064.69	1064.15	1064.15	1064.15	4.0 / 700	
29 Oil & Gas (20)	2256.51	-0.7	9.91	5.65	13.18	7.42	2272.99	2194.50	2190.00	2192.32	2247.70	2.0 / 700	
30 FT-SE 100 SHARE INDEX (90)	1112.44	-0.2	3.14	11.07	2.17	1176.36	1155.40	1157.48	1161.55	1161.55	1161.55	4.0 / 700	
31 FINANCIAL GROUP (90)	753.87	+0.5	11.00	5.46	12.00	0.34	749.11	733.90	737.09	831.09	869.67	1.0 / 700	
32 Insurance (11) (7)	1246.54	-0.2	9.46	6.85	10.00	0.00	1246.54	1231.59	1231.59	1231.59	1246.54	1246.54 / 700	
33 Insurance (11) (6)	1246.54	-0.2	5.70	6.63	6.63	0.00	1246.54	1231.59	1231.59	1231.59	1246.54	1246.54 / 700	
34 Insurance (Compete) (6)	644.73	-0.3	—	—	—	0.00	646.46	629.95	631.36	635.16	635.16	6.0 / 700	
35 Insurance (Brokers) (8)	1015.16	+0.5	7.28	6.35	17.98	2.15	1010.32	999.88	1001.63	1125.61	1194.74	4.0 / 700	
36 Merchant Banks (7)	366.93	+0.4	—	—	—	0.00	365.34	362.74	364.94	365.34	367.59	1.0 / 700	
37 Property (41)	979.62	+0.4	6.77	4.80	20.23	0.83	975.70	968.91	962.85	1124.25	1145.76	1.0 / 700	
38 Other Financial (20)	247.54	+0.5	10.15	7.23	12.44	1.21	246.26	244.45	245.01	231.91	233.71	1.0 / 700	
39 Investment Trusts (67)	1019.61	-0.2	—	—	—	0.64	1021.71	998.66	998.66	1111.99	1133.81	1.1 / 700	
40 FT-SE 100 SHARE INDEX (90)	2072.83	+0.1	—	—	—	1.72	1071.46	1060.17	1062.70	1156.72	1228.83	3.1 / 700	
41 FT-SE 100 SHARE INDEX (90)	2245.42	+1.5	2248.21	2232.61	2243.71	2249.81	2220.21	2217.41	2313.6	2463.73	2463.73	1.0 / 700	
42 FT-SE 100 SHARE INDEX (90)	2245.42	+1.5	2248.21	2232.61	2243.71	2249.81	2220.21	2217.41	2313.6	2463.73	2463.73	1.0 / 700	

FIXED INTEREST

	AVERAGE CROSS REDEMPTION YIELDS						Fri Feb 8	Thu Feb 7	Year ago (approx.)	1990/91
PRICE INDICES	Low	High	Yield							

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Std. Price	Offer +	Yield	Int. Cost.	Bar.	Offer + or Yield	Std. Price	Offer +	Yield	Int. Cost.	Bar.	Offer + or Yield	Std. Price	Offer +	Yield	Int. Cost.	Bar.	Offer + or Yield	Std. Price	Offer +	Yield	Int. Cost.	Bar.	Offer + or Yield	
Nikkei Capital Mgmt (Europe) Ltd	12.799	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
James Bond Fund	11.774	2.74	2.74	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Global Fund	10.231	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Gold & Precious Metals Fund	10.231	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Saudi International (Germany) Ltd	11.011	10.51	10.51	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Standard & Poor's Fund	11.011	10.51	10.51	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Standard & Poor's Fund	11.011	10.51	10.51	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Schaeffler Investment Services (Germany) Ltd	11.011	10.51	10.51	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Standard & Poor's Fund	11.011	10.51	10.51	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
U.S. Treasury Securities Fund	11.011	10.51	10.51	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Yamada Capital Management (Europe) Ltd	11.011	10.51	10.51	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Yamada Capital Management (Europe) Ltd	11.011	10.51	10.51	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Yamada Capital Management (Europe) Ltd	11.011	10.51	10.51	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
IRELAND (SB RECOGNISED)																								
Stamford Fund Managers Ltd	11.111	11.41	11.41	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
U.S. Treasury Securities Fund	11.111	11.41	11.41	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Yamada Capital Management (Europe) Ltd	11.111	11.41	11.41	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Yamada Capital Management (Europe) Ltd	11.111	11.41	11.41	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Yamada Capital Management (Europe) Ltd	11.111	11.41	11.41	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
IRELAND (REGULATED*)																								
Baileys International Fund Managers (Ireland) Ltd	11.222	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Barling International Fund Managers (Ireland) Ltd	11.222	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Barling International Fund Managers (Ireland) Ltd	11.222	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Barling International Fund Managers (Ireland) Ltd	11.222	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Barling International Fund Managers (Ireland) Ltd	11.222	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Barling International Fund Managers (Ireland) Ltd	11.222	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Barling International Fund Managers (Ireland) Ltd	11.222	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Barling International Fund Managers (Ireland) Ltd	11.222	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Barling International Fund Managers (Ireland) Ltd	11.222	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Barling International Fund Managers (Ireland) Ltd	11.222	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	10.50	1.00	1.00	1.00	1.00	1.00	1.00
Barling International Fund Managers (Ireland) Ltd	11.222	1.00	1.00	1.00	1.00	10.50	1.																	

AMERICA

Bulls revive after Thursday's profit-taking

Wall Street

THE BULLS renewed their stock market stampede yesterday morning after a day's respite, sending US equities broadly higher, writes Karen Zagor in New York.

At 1 pm, the Dow Jones Industrial Average was 16.59 higher at 2,827.23, considerably above its close last Friday of 2,730.69. Secondary issues, which have performed strongly this week, saw the Nasdaq composite add 0.86 to 435.87 at mid-session. On Thursday, profit-taking after three days of steady gains pushed the Dow down 20.30 to 2,810.64.

Goodyear Tire & Rubber plunged \$1.70 to \$18.20 following news that the company expects to report a first quarter loss and that it had slashed its quarterly dividend to 10 cents from 45 cents.

Trading was also heavy in LA Gear, the sports shoe maker, which reported disappointing fourth quarter results after the market closed on Thursday. The company also said it expects to post a loss in the first quarter of 1991. Shares in LA Gear, which traded as high as \$50 last year, slumped \$1 to \$10.50 at mid-session. Shares in Nike, another leading sports shoe maker, fell \$1 to \$49 while Reebok rose \$2 to \$17.40.

Rumours that Sony of Japan and Castle Rock Entertainment, a film production group, have been in talks with Orion Pictures about acquiring the troubled film and television studio helped shares in Orion jump \$1.40 to \$12.40 in spite of a denial by Sony.

Dresser Industries slid 3% to \$23.00 on reports that the stock had been downgraded by Salomon brothers from "buy" to "hold". Schlumberger, another oil service company, added 3% to \$60.

Eastman Kodak improved \$1.40 to \$45.50 while Polaroid added \$1.40 to \$25.50. Polaroid said late on Thursday that it plans to appeal against the \$78.2m it was awarded in a patent infringement case against Kodak, which intends

to issue a cross-appeal.

Airline issues posted modest gains yesterday morning. UAL, parent of United Airlines, added \$1 to \$138. AMR rose \$1.40 to \$85.60 and Delta Air Lines improved \$1.40 to \$73.40.

In over-the-counter trading, Seagate Technology gained \$1.40 to \$14.40, in heavy trading. An issue of 10.7m common shares in the company was priced at \$14.40 yesterday through Salomon Brothers. The shares had been held by Control Data, which disclosed plans to sell its stake in January.

Amgen slid \$2.40 to \$77.40 after the company's president and chief operation officer, Mr Harry Hixson, resigned unexpectedly.

Cisco Systems rose \$1.40 to \$88.30. The company turned in a second quarter net income of 67 cents a share compared with 23 cents a share on sales which surged to \$43.9m from \$16m.

CANADA

TORONTO stocks resumed their recent upswing in heavy trade after a short bout of early profit-taking. The composite index gained 12.3 to 3,443.9 at mid-session. Advances led by 244 to 167 on volume of 20.3m shares. Eleven of the 14 indices rose, with transportation, pipelines and banks leading the way.

Among advancing shares, Core Systems rose C\$1 to C\$20.50, Northern Telecom gained C\$3 to C\$33.50, Imperial Chemical A shares added C\$3 to C\$35.50 and Horsham firmied C\$3 to C\$3.

Noranda Forest dropped C\$1 to C\$38.50. The paper and forest products company reported a fourth quarter loss of 62 cents a share versus a profit of 22 cents.

SOUTH AFRICA

GOLD shares recovered further as bullion prices rose towards \$370. The all-gold index rose 45 to 1,075 and industrial index added 20 to 3,049. The all-share index put on 50 to 2,671. Vaal Reefs ended R10 up at R190.

FRANKFURT improved as the day went on, the DAX closing 31.56, or 2.2 per cent better than a year's high of 1,457.82, up 2.8 per cent on the week, after gains of 3.74, and 2.2 per cent respectively for the FAZ at mid-session. Volume rose from DM4.1bn to DM5.4bn.

The sector theme brought strength to banks, where Deutsche Bank rose DM12.70 to DM22.50, motors were Volkswagen led with DM2.20 gain to DM33.9, and engineering where Metallgesellschaft and MAN saw rises of DM19.50 and DM12.50 to DM405 and DM24.50.

There was relative weakness in chemicals, and a mixed performance in retailing where shares of DM11 to DM551 for Karstadt, DM10 to DM463 for Kaufhof supported the argument that department stores had been oversold.

AMSTERDAM followed the

day's lead, with a 2.2 per cent rise in the All Ords, up 2.2 per cent on the week. Turnover was DM1.2bn.

Oil stocks continued to be in the limelight. Esso was the most actively traded share, with 30.4m exchanged, as it added FF9.30 to FF724.90. Total rose FF9.70 to FF596 with 17.350 shares traded.

FRANKFURT improved as

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LONDON SHARE SERVICE

Weekend February 9/February 10 1991

Angry ANC deputy president threatens to turn South Africa upside down

Mandela warns EC not to lift sanctions

By Patti Waldmeir in Johannesburg

MR Nelson Mandela threatened yesterday to turn South Africa "upside down" unless the European Community rescinded its decision to begin lifting economic sanctions against Pretoria.

Addressing a press conference to mark the anniversary on Monday of his release from 27 years in prison, an obviously angry Mr Mandela complained that the African National Congress had not been consulted about the EC move.

The deputy president of the ANC warned of a popular uprising against any decision to review sanctions, saying: "Once our people realise that they have no friends in the international community it will be very difficult to control them, so angry will they be."

Mr Mandela warned European business that if the European Community decides to review sanctions... the situation of the country will be so unstable that no serious businessman will want to invest".

While Mr Mandela was arguing for sanctions, Mr Barend du Plessis, South Africa's

finance minister, was warning in Cape Town that his country could become ungovernable by the mid-1990s unless economic growth resumed now, with renewed access to international capital markets.

"Unless we can now very rapidly increase growth... by the mid-1990s it will be virtually impossible, if not totally impossible, for anybody to govern this country on account of the number of unemployed."

The ANC has been fighting a rear-guard action on sanctions for months, insisting that they be maintained, while the international community has moved inexorably towards lifting them. Yesterday, Mr Mandela said the ANC would not call for sanctions to be lifted until all apartheid legislation had been scrapped and blacks had the vote - conditions which may take years to meet - although he conceded the movement might make a "declaration of intent" earlier on.

Mr Chris Stals, governor of the South African Reserve Bank, the central bank, said foreign investors were already taking a more positive view, "but it will take some time to restore business confidence".

Mr Stals and Mr du Plessis said they would maintain tight monetary and fiscal policy in spite of political pressures to stimulate the economy, which is in recession.



Terry Kirk
Barend du Plessis: will retain tight monetary policy

Fimbra acts to stem insolvency fear

By Richard Waters

THE spectre of looming bankruptcy was played down yesterday by Fimbra, the self-regulatory organisation for independent financial advisers, although it announced a fifth of its workforce was being made redundant.

A statement from Fimbra, one of the City's five investment watchdogs, added that an overhaul of the regulatory system was needed to put it on a firm financial footing.

Fimbra yesterday announced 40 redundancies though it said this would not reduce the level of investor protection.

The statement from Sir Gordon Downey, Fimbra's chairman, followed disclosure earlier in the week of a confidential letter from him to Mr John Redwood, corporate affairs minister, saying insolvency was "a very real threat".

In the letter, Sir Gordon said difficulties arose because Fimbra's members could face high compensation claims which may put many out of business or force them to become agents of life assurance companies - in turn undermining Fimbra's finances.

Sir Gordon's statement said:

"Insolvency is a theoretical possibility, but not a probability which we envisage, and would only occur if remedial steps are not taken on lines which we have already proposed."

This referred to his earlier call to bail out Fimbra members, and restructure the investment regulatory process.

The Securities and Investment Board, the chief investment watchdog responsible for authorising the operation of self-regulatory organisations, also played down the danger to Fimbra's finances.

Background, Page 5
Editorial comment, Page 8

War forces easing of airline rules

By David Gardner in Brussels

THE European Commission is willing to relax a range of regulations on airlines temporarily, to help them through the dip in business caused by the Gulf war, Sir Leon Brittan, EC competition commissioner, said yesterday.

The measures to be outlined respond to most of the items on the shopping list the large European carriers brought to Brussels last week and are expected to be presented formally within two weeks.

Sir Leon told an Institute of Directors meeting in London that applications for fare changes and the approval of joint ventures would be speeded up to enable airlines to respond quickly to events.

Capacity-sharing between two airlines, which the commission had cracked down on as a means by which airlines carved up routes, would be considered sympathetically for the next three months if consumers did not suffer and airlines with lower costs were not frozen out.

This will not entirely satisfy

AIRLINE east German airline Interflug is to be closed because efforts to sell it have failed, Trenhandanstalt, Germany's privatisation agency, said yesterday. Reuter reports from Berlin.

Industry officials said the decision could open the way for a takeover.

the carriers. One airline industry official said that, however long the Gulf war lasted, the fall-off in traffic could continue far longer if passengers did not fly through fear of terrorist reprisals.

On state aid - the most controversial issue - Sir Leon said each case would be considered rapidly after details were given to the commission.

Sir Leon however stressed: "The commission does not have the slightest intention of reviewing or delaying any of our liberalisation or competition policies in air transport."

Lockheed set to take control of Luton airport, Page 5

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (DM)			
Rises	350	+ 11.5	
Kaufhof	453	+ 18	
Lahmeyer	970	+ 34	
Metallgasell	405	+ 19.5	
Volkswagen	336	+ 9.8	
NEW YORK (\$)			
Rises	56%	+ 1%	
Giese Sys	58%	+ 1%	
UAL	138	+ 1	
Amgen	77%	- 2%	
LA Gear	10%	- 1%	
Goodyear TSR	18%	- 1%	
PARIS (FFR)			
Rises			
Cie Bancaire	510	+ 20	
New York prices at 12.30.			
LONDON (Pence)			
Rises	114	+ 9	
Ethel	15	+ 2	
Elan	10	+ 10	
Hawker Sidley	470	+ 15	
McCarthy & St	55%	+ 7%	
NatWest Bank	305	+ 10	
Norex	118	+ 11	
Rolls-Royce	148	+ 6	
Telco	71	+ 5	
Traf. House	214	+ 8	

Frankfurt prices at 12.30.

UNITED STATES

United

Falls

Brit Airways

Clarke Hooper

Ferranti Int'l

Legal & Gen.

Pilkington

Reuters

Thorn EMI

Trig. Trust

Dollfuss-Mieg

Europcar

Metallgasell

St Gobain

TOKYO (Yen)

Rises

Nippon Seisen

Shin-Kobe El

Tokyo Cosmos

Falls

Gods Shusei

Jidosha Buhin

Taito

Japan

Yasuda Kaizuka

Weekend FT

SECTION II

Weekend February 9/February 10 1991

Renaissance in Dresden

KURT RÖNSCH can no longer contain his emotions. Sitting in his half-dilapidated, half-reconstructed factory on the fringes of Dresden in what used to be East Germany, the 73-year-old businessman struggles to choke back the tears as bitter memories of a life that has passed almost entirely in the grip of war and tyranny well up.

In 1972, in its last wave of nationalisations, East Germany's communist government seized control of Rönsch's family company, falsifying the books to deprive him of compensation and installing as his boss a party member who knew nothing about the business but owed his position to his loyalty to the regime.

"It was not in the party so I got nothing," says Rönsch.

Last year Rönsch exercised the right of former owners to repurchase nationalised properties. He began to buy back the electrical household equipment manufacturing concern from the Treuhand, the German government agency which has taken control of the 27,000 businesses in the east and is in the tortuous process of privatising them.

Even now Rönsch's struggle with the Treuhand's civil servants, many of them former party officials in the government which oppressed him, is not over. Having spent months establishing that his claim to the factory was legitimate and proving that he had a business plan to ensure employment levels at the plant he still has to come up with DM1m to complete the purchase.

Fifteen years ago Rönsch was typical of the many small businessmen who had helped to make the area of Germany around Saxony and Thuringen one of Europe's most vibrant centres of industrial capitalism. Rönsch's courage in taking on the task of rebuilding his business is a sign that the traditions of the area are reasserting themselves.

Members of the 350,000 strong Soviet army who are to be seen on the streets are a reminder of the past, their presence made all the more ominous by the threat of civil war looming in their homeland. But insecurity is also deeply rooted that this. East Germans are finding that although their revolution was largely peaceful it is far from painless. They face the threat of mass unemployment; the steady elimination of state subsidies for everything from rents to rail fares, and the challenge of rebuilding not just their roads but also their lives. It is a task which for many will involve migration, for others retreating and for most coping with the tensions surfacing in a society in which the market, not the party, will determine who prospers.

There is no mistaking the envy with which some of his fellow citizens view Rönsch's endeavour. Wolfgang Schubert, who works at the Dresden branch of the Treuhand, says bluntly that Rönsch is among the lucky ones. He is pur-

chasing what is, by east German standards, a good property not far from the city centre, half of which at least has been modernised because its output was mainly for export. Schubert does not make the point, but speculation, especially property speculation, is one of the foundations on which the new east German economy is being built.

Rönsch, however, wants to re-establish the business he founded before the Second World War and to pass it on to his son, who has agreed to leave his job with the US computer company NCR in Augsburg in the summer.

The motives of those who are buying businesses in East Germany differ, but some patterns are emerging. One is the extraordinary amount of support from the established capitalist concerns in the west.

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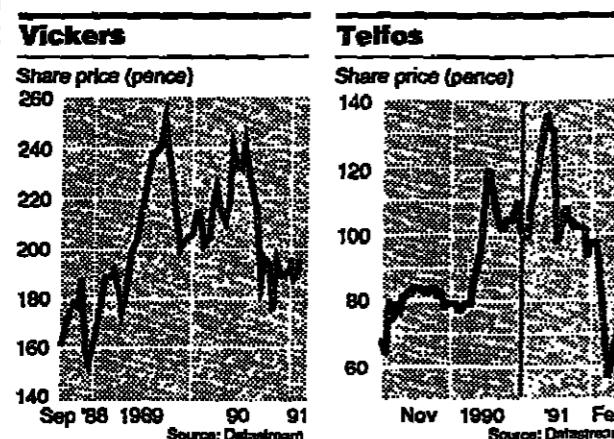
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FINANCE & THE FAMILY: THIS WEEK

**Brierley sells 20% stake in Vickers**

One of London's longest-running boardroom battles finally came to an end on Tuesday when Sir Ron Brierley, the New Zealand entrepreneur, sold his 20 per cent holding in Vickers. Sir Ron's investment vehicle, IEP Securities, built up the stake in September 1988, and last year made ambitious proposals to sell off the company's Rolls-Royce Motor Cars business.

'Sir David Plastow, chairman and chief executive of the company, which also makes Challenger tanks, successfully persuaded shareholders to vote down the proposal in April last year. The disposal of the stake, worth just over £100m at its sale price, had been widely anticipated since then. Sir Ron lost £6m on the deal.' John Authers

Hostile £38m bid for Telfos collapses

Steel castings company William Cook's hostile £38m bid for Telfos, the Leeds-based engineering group, collapsed on Thursday, after an auditors' report revealed greater problems with the target company than had previously been suspected. At this point the market only valued Telfos at £18.1m, following a slide in Telfos' share price from 98p to 57p on the back of the report.

The Takeover Panel took the unusual step of allowing William Cook to drop the bid, because the report, by Price Waterhouse, showed a "material adverse change" in Telfos' financial position. Shares in both companies rallied once the bid was abandoned, with William Cook rising 11p to 220p, and Telfos 5p to 66p. John Authers

Fimbra in danger of going bust

Fimbra, one of the City regulatory bodies set up to improve investor protection, is in danger of going bust as the collapse of some of its members has resulted in substantial compensation claims.

Fimbra, which stands for Financial Intermediaries, Managers and Brokers Regulatory Association, covers brokers and independent investment advisers selling financial products and services to the public. Sir Gordon Downey, chief executive of Fimbra, warned that in order to survive, the organisation would have to be bailed out. See Section 1, Page 5

Labour studies tax incentives for low paid

Labour is planning a scheme to encourage saving by the low paid, it was announced on Wednesday. John Smith, the party's economic spokesman, has gathered a number of experts to work on the project, which would aim to expand the total number of savers in the UK.

Tax Exempt Special Savings Accounts (Tessas) are welcomed by Labour but the party fears that the new scheme has only attracted relatively affluent people already held building society accounts. Labour's scheme would probably create tax incentives for workers to deduct money from their pay, and commit savings for a specified period. John Authers

Life assurance and pensions business at record levels in 1990

The UK life assurance industry still managed to improve its new life and pensions business to record levels last year despite poor stockmarkets worldwide and a growing recession in the UK. New annual premiums were 7 per cent higher at £3bn and single premiums up 28 per cent to £7.5bn. Personal pension sales were strong during the year, particularly single premiums up nearly 60 per cent to £3.1bn. However, the new business results from individual life companies show that some of them have not fully participated in this overall improvement, an indication that selling life assurance products has become much tougher. Eric Short

Ivory & Sime links with NEL Britannia

Ivory & Sime's British Assets Trust is being linked to an NEL Britannia pension plan in the latest attempt to market investment trusts on a wider basis. Late last year, Foreign & Colonial was linked in a similar way to policies offered by Shandt Life. Philip Coggan

Capital launches Trafford Park trust

Capital Ventures, the Cheltenham-based financial services company, has launched an enterprise zone trust to invest in commercial property in Trafford Park, Manchester, and Tyneside. The closing date for investments in the trust, called CERT VII, will be February 28, although the company pointed out that their last EZT was oversubscribed before its closing date. Capital Ventures (0242-584380) is hoping to raise £2m from the deal.

Greig Middleton, the stockbroker, last week announced that its EZT, investing in office property in Dundee, was already fully subscribed. EZT investments are subject to full tax allowances, and tax relief can also be claimed on loans taken out to fund the investments. John Authers

In troubled times let ratios be your guide

THE SUDDEN revival of the UK stock market this week probably took quite a few private investors by surprise. Is it a false dawn or a sign that the bear market is over?

Certainly, there is little hard news that can justify such optimism. The Gulf War continues, with a bloody and possibly lengthy ground war about to start, and the economy is sliding deeper into recession.

On the other hand, the bulls, apart from their interest rate hopes, can point to the fact that the FT-SE 100 index first breached the 2,200 level in 1987. Although it has been up and down several times since then, the market has effectively gone nowhere for four years.

The bears, however, are still worried by the expected length and severity of the economic slowdown and by the prospect of a crisis in the financial sector, which could approach the problems faced in 1974.

At times like these, private investors may well wish to

consult those trusty yardsticks - the valuation ratios. The graph shows the relationship between the returns on gilts and shares (known as the yield ratio), which is achieved by dividing the redemption yield on 25 year gilts by the dividend yield on the All-Share.

At any time, investors have a choice of the higher initial yield, lesser credit risk but lower growth potential of a gilt or the lower yield, higher risk, but greater growth prospects of a share. When the ratio is low, then investors are preferring the security of gilts; when it is high, they have opted for the lure of shares.

For much of the last 15 years, the ratio has fluctuated in a narrow band between 2.0 and 2.5. The average for the period is, in fact, 2.32. The ratio dipped slightly below 2 in 1982 - the start of a bull market and reached a peak of 3.34 on October 2, 1987, just two weeks before the Crash.

At first sight, therefore, the

current ratio is a very good sign for equities. The 15 year low of 1.78 was reached on January 22 and, at 1.86, the ratio is still extremely low in recent historical terms.

Some experts prefer to subtract equity yields from dividend yields and study the resulting relationship - the so-called yield gap. The conclu-

sion, however, must be the same - the gap between the two is very small in historical terms.

However, there is a case for arguing that this ratio could have moved to a fundamentally new basis. Now that Britain has joined the ERM, the prospect could be that inflation and interest rates will

fall to German levels. Inflation has been the great enemy of gilts and if it is defeated, or at least controlled, pension funds might easily increase their gilt holdings. Gilt prices would rise, and yields fall.

At the same time, the effort of squeezing inflation from the UK will reduce economic growth. Corporate earnings increases will be very slow, and equity yields could rise in consequence.

A narrowing of the yield gap in these circumstances is quite plausible. Until the late 80s, the normal relationship had been that yields were higher on equities than on gilts.

So it would be unwise to rely entirely on the yield ratio or gap when calling the bottom of the market. The other well-known ratios offer limited, but not overwhelming encouragement, for the bulls.

The yield on the FT-A All-

Share has averaged 4.94 per cent in the 26 years since the

start of 1965. The long term study produced by Barclays de Zoete Wedd seems to show that 5 per cent is a long term average dating back to 1919.

So the fact that the All-Share yields around 5.4 per cent indicates that shares look cheaper than average, but not dramatically so. They were a lot cheaper when they yielded 12.7 per cent in December 1974.

Since the start of 1965, the average price-earnings ratio on the FT-30 Ordinary Share Index has been 12. The current ratio of 10.4 is below that average, but still a long way above the 3.8 touched in the dark days of 1974.

So the conclusion for the private investor from the ratios seems to be modest purchases of shares may offer long term value but this is not the right time to mortgage the grandmother to buy blue chips.

London

Fragile optimism in the face of pain

OUR recently appointed Prime Minister said just 15 months ago, when he was the recently appointed Chancellor of the Exchequer, that if his anti-inflation policy was not hurting, then it was not working.

There can now be no doubt that the Government's policy of maintaining high interest rates to drive down inflation is hurting. What everyone agrees is a recession has rapidly deepened and spread from the south-east of England to every part of the UK.

This week has seen another wave of redundancies, along with news of acceleration in corporate bankruptcies and a fall in consumer credit growth - perhaps the indicator most associated with the overheating of the late '80s.

It might seem perverse in

these circumstances for the London market to rally strongly to its highest level since the invasion of Kuwait, with the FT-SE closing 79.5 points up on the week at 224.5.

However, the City is merely fulfilling its traditional function of looking ahead - and believes it can see Britain following the previous week's example of the US Federal Reserve and cutting interest rates in the near future. The futures market is already discounting a fall in the base rate of at least 1 percentage point by the Budget on March 19.

Political pressure is mounting on the Government to cut interest rates, not least from its own side. The Chancellor, Norman Lamont, met with concerned Tory backbenchers on Tuesday and the next day Major promised "sustained" interest rate reductions "would be possible as inflation fell".

But the Government's room for manoeuvre is still constrained by its membership of the Exchange Rate Mechanism. Just over a week ago the Bank of England and the Bundesbank were obliged to intervene to keep the pound off its floor in the ERM.

Following the German increase in interest rates.

If the UK does start cutting rates soon, it will only be able to do so gradually.

That will have little effect on the market's breaching of the \$2-per-pound barrier for the first time in a decade. As the chart shows, the pound has fallen roughly 20 per cent against the German currency since 1985, but has risen about 70 per cent against the dollar.

Although almost a fifth of UK companies' operating profits are in dollars, there is a general feeling that British managers have become rather sophisticated at hedging their currency exposure and borrowing in dollars. However, Jaguar Cars cited the problems caused by the weak dollar when it announced it would shed 1,000 jobs and cut production of its luxury vehicles by two-thirds by the end of next month.

On the home front, Next - one of the ailing fashion retailers most associated with the high street glamour of the '80s - agreed to sell Grattan, its mail order company, for £14m to Otto Versand, a privately-owned German mail order group. Grattan represented a huge chunk of Next's remaining business, but the retailer had little choice to turn down.

On the defence front, Next - one of the ailing fashion retailers most associated with the high street glamour of the '80s - agreed to sell Grattan, its mail order company, for £14m to Otto Versand, a privately-owned German mail order group. Grattan represented a huge chunk of Next's remaining business, but the retailer had little choice to turn down.

Maytag, the home appliance concern, and Goodyear, the beleaguered tyre maker, also cut their dividends sharply this week. On the media and entertainment front, ABC/Capital Cities forecast significant potential setbacks resulting from lower advertising and the costs associated with covering the Gulf war.

A rumour from Hollywood, that Sony of Japan was about to buy the financially weak Orion Pictures, sent Orion's share price up by more than \$1 yesterday, to \$12 3/8, even though Sony denied the report. The reason is that the market is convinced that Salomon Brothers, which advise Orion, is shopping the company.

It may simply create opportunities for those who like to stay away from the crowd, that dwindling band of pessimists who think the present rally is partly the result of interest rate cuts and partly a function of the "greater fool theory" of analysing Wall Street trading trends.

As trading continued yesterday the profit-takers moved in and the margin between advances and declines became slimmer than it had been all week. But this will not discourage many of the happy-go-lucky buyers.

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After his long drive back to London, our investor might have tuned his car stereo to his favourite station, Capital Radio. Like many other quoted radio companies, Capital benefited from advertisers' growing recognition of radio as a marketing medium in the late '80s.

Capital has also made a success of the tricky operation of splitting its frequencies between a youth-oriented FM station and golden oldies programming on medium wave.

Home at last, our hero might relax with a glass of his favourite tipple, Glenmorangie. If he had acquired shares in its producer, MacDonald Martin, he would have benefited from the general outperformance of the whisky companies, which has also benefited shareholders in Guinness and Macallan-Glenlivet. Whisky prices have risen over the last few years, with certain brands attracting a premium margin on top.

The investor might then have made a quick phone call to any one of the subsidiaries of Barr & Wallace Arnold Trust, perhaps to enquire of its motor distribution side about a new car or to plan his overseas trip via the holidays division.

Finally, flushed with the profits from his other speculate, the hypothetical investor might then have spent his winnings at Cantors, a furniture retailing chain which has performed remarkably well against the trend in its sector over the last three years.

The same concentration cannot be found among the small company losers since the Crash. Of course, the worst performers are those many companies that have gone bust, leaving their sharehold-

ers cash to bolster its finances.

Another distress sale came from Davy Corporation, the UK's largest independent engineering contractor, which plans to sell its process operations in Germany to Metallgesellschaft for £51m. Davy, which saw its share price slump last year after a run of costly contracts, is to refocus on its metals business, servicing the gold, copper and steel industries.

Not all was gloom, however. Managers at Vickers, which makes Rolls-Royce cars and Challenger tanks, broke out the champagne after hearing that the New Zealand entrepreneur Sir Ron Brierley had finally sold his 20 per cent stake in the engineering group.

Last year Sir Ron had argued that Rolls-Royce Motors, Vickers' main profits-maker, would be worth much more if it was demerged and floated off, but his proposal was roundly defeated by Sir David Plastow, chairman and chief executive of Vickers.

The manner of the disposal was also encouraging, for City watchers. SG Warburg bought Sir Ron's 53m shares on Tuesday morning for 189p - only 5p below the market price. After a nail-biting day, Warburg succeeded in selling practically all of the shares at

191p - giving the brokers a handy profit of about £10m and proving that cash-rich institutions can be tempted to buy keenly priced stocks.

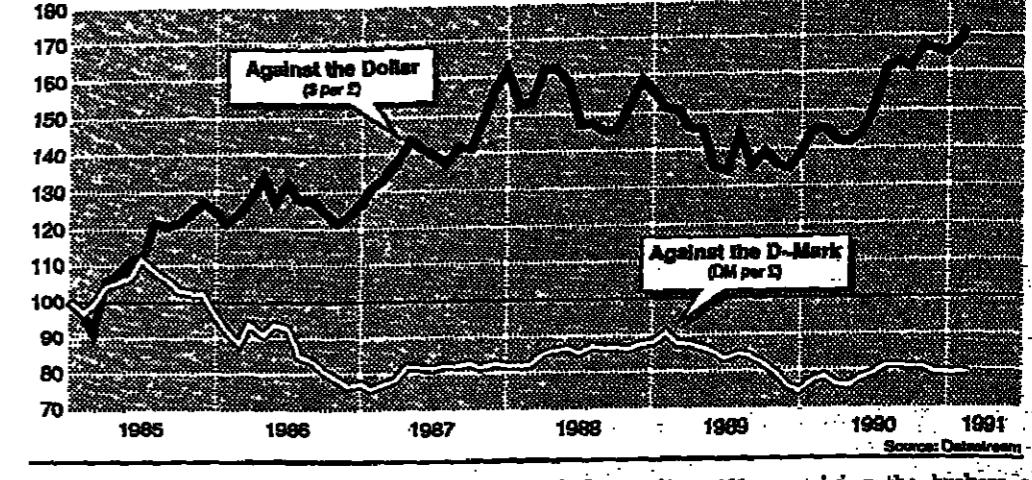
The City was also buoyed by yesterday's bid from Thorn-EMI, the music, rentals and technology group, for 28 per cent stake in Thames TV owned by BET, the support services company. The bid, which would give Thorn-EMI control of Thames, signals the restructuring of the commercial TV companies which will be associated with the awards of new franchises.

The market will also be pleased to have another bid to consider, following the lapsing by William Cook, of its steel casting group, of its £280m offer for Telfos, the railway engineering company. William Cook was allowed to withdraw its offer after a report by Telfos' auditors revealed a disastrous series of investments by the group outside its usual range of activities, against which it was forced to make provisions totalling £21m.

Hopes of interest rate cuts and the recent strength of Wall Street have pushed London ahead this week, but the market's optimism remains fragile - even disregarding all the uncertainties in the Gulf.

Andrew Bolger

Sterling



HIGHLIGHTS OF THE WEEK

Price y'day	Change on week	1990/91 High	1990/91 Low	Interest rate optimism/Wall Street

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FINANCE & THE FAMILY

The early 1990's look like being lean years for many UK companies. What should you do if you are out of a job? Sara Webb advises

Redundancy: the wolf at the door

IN THE days of hectic prosperity, City institutions often prided themselves on the scale of the lavish breakfasts they provided for staff on the press tour before their 8 am meetings.

Those days may be over. The early 1990's seem likely to be lean years for many UK companies and their employees. Staff now are worrying about the effects of financial belt-tightening which conure in some cases a grim spectre of redundancy. Even companies with big names such as Midland, Barclays and British Airways are considering job cuts.

If there is a chance that you might lose your job, start planning your survival early. Although it may be tempting to sabotage the company computer system or put superglue on the earpiece of the managing director's telephone when you are fired, there are more practical points to bear in mind.

"Most people think redundancy will never happen to them. The problem is that many of the people who are on a high salary have large financial commitments and they need to be particularly careful," says Fiona Price of Fiona Price & Partners, the independent financial advisers.

In some cases, a company which is making staff redundant may call in a financial adviser to "look after" the financial interests of these employees. If you find yourself in that position you should be careful. One employee who was made redundant said that he was advised - by the insurance company called in by the employer - to put ALL his redundancy money into single premium bonds. In the three years he has owned the bonds their value has fallen from £68,000 to £51,000.

Before accepting the recommendations of an adviser to choose an insurance-based product rather than a building society account, remember that most financial advisers

earn their living from commissions. They will earn no commission if you keep your money in a building society. If in doubt, avoid financial advisers with a life assurance connection.

Redundant professionals, may not think of registering as unemployed, but if you do lose your job, this is the first action to take. This ensures that your National Insurance contributions will be covered and that there will be no break in your state benefits, even if you find that you are not eligible for unemployment benefit. The other main points to consider are:

■ COMPENSATION

Martin Jones, senior manager of personal financial planning at Coopers & Lybrand Deloitte, points out that as a general rule ex-gratia payments are subject to tax and National Insurance in full if the payment is received under the terms of the contract, or if there was a firm expectation of a payment being made as a reward for services.

However, if there was no contractual obligation of such a payment being made, the first £80,000 paid is free of tax: above that level, you are liable to pay tax. So first check with your employer whether your payment will be tax-free.

The maximum statutory redundancy pay is £5,520 but Fiona Price points out, many companies pay more.

Once you have received your redundancy cheque, you will have a choice of whether to clear your debts, live off the money while you are looking for a new job, or invest the money for your retirement.

■ DEBTS

Provided you have the spare cash in an instant access account, you should consider clearing any debts on store-cards and credit cards as these charge very high interest rates - up to an APR of around 40 per cent for some storecards. You should also pay off your overdrafts as the interest rate on these is generally quite



days or 90 days of losing your job. However, this kind of insurance is expensive: one building society quotes £4 per £100 cover.

■ SAVINGS AND INVESTMENTS

Try not to wipe out all your instant access savings as you may need to live off these while you are looking for a job.

It is not a good idea to cash in endowment policies early because you could find that the surrender value is negligible once commission and charges have been deducted.

Fiona Price suggests that if you urgently need money, it might be better to sell your with-profits policy at auction rather than encash it. You should check with the insurance company first how much the surrender value would be and compare this with auctioneers' reserve value.

Unit trust or investment trust savings plans can normally be stopped without penalty. You simply cancel the direct debit and notify the company that you are stopping the scheme temporarily.

However, if you intend to invest some of your lump sum payment you should remember that index-linked and equity-based investments can be used to provide some protection against inflation over the long

term. Also, if you want to invest in equities, either directly or by means of investment or unit trusts, it is more tax-efficient to use a Personal Equity Plan. Existing rules allow you to invest up to £1,000 worth of shares or £3,000 worth of trusts a year in a PEP and you can receive all the income and capital gains tax-free.

■ COMPANY CAR

A company car is a taxable benefit. If the car forms part of your redundancy payment and this payment is not a contractual obligation then the benefit will be taken into consideration when calculating the £30,000 exemption from tax.

You may find that you can save a lot of money by trading down your car or by dispensing with it.

■ BENEFITS

Martin Jones points out that you will need to check whether your insurance affairs are in order. If your company pension scheme entitles you to lump sum life cover (typically up to four times salary) and a widow's pension, you may want to provide temporary cover until you find a new job.

Second, if your company has provided private medical insurance, you should check whether you can still be covered once you have been made redundant - in many cases,

ex-employees can continue with the policy at a discounted rate and without having to provide further evidence of good health.

■ BUDGETING

Although it sounds obvious, you should perhaps consider being less extravagant. Fiona Price points out that she can always tell if her clients are in serious financial difficulties - they tend to forget to fill in the stubs of their cheques.

She recommends that you carry around a notebook and write down everything you spend for a month so that you know exactly how you spend your money. She also recommends that you:

- Stop using your plastic cards and pay for everything by cash or cheque.
- Keep cheques book tabs.
- Stop extravagant spending on luxury items such as clothes, eating out, holidays and entertainment. "The temptation to keep up with appearances and live as though nothing has happened is enormous," says Price.

■ Keep an eye on household bills. Do you leave the heating on all day, or use the telephone in peak hours? It is usually easier to pay bills in monthly instalments where possible.

■ Don't skimp on house and contents insurance.

Pensions: look before you leap

ONE OF THE most important financial considerations when you are made redundant is what you should do about your pension. Many people, when they are made redundant, are eager to dissociate themselves from their former employer and so cut all their ties with the company. This may not be the best course of action.

Martin Palmer of Towry Law says that there are two points to consider: first, what kind of pension scheme are you leaving behind with your ex-employer; second, if you plan to find a new job, what will your pension rights be?

He advises anyone who is leaving a final salary scheme to that the final salary benefit is not necessarily being lost when transferring the pension. "The benefits accrued under final salary schemes are guaranteed and any future discretionary increases will not be reflected in the transfer value offered."

"Once fully in force with the actuarial reviews completed, the Social Security Act 1990 may well mean an increase in many transfer values on offer, so it could be crucial to delay any transfer for possibly at least a year."

If you do decide that it is to your advantage to transfer your pension, you may find that it is best to transfer it to an individual plan, either an executive plan or a personal pension plan. This

provides flexibility: it means you will not be tied up in another employer scheme and you may have some choice over how your pension is actually invested.

Martin Jones of Coopers & Lybrand Deloitte points out that if you have a personal pension you can continue to pay contributions into it whenever you change employer.

If you are in a company pension scheme and you need to improve your pension scheme benefits, you could consider making the additional pension payments out of your redundancy payment. For example, if your redundancy payment is over £20,000, the amount above £20,000 would be taxable. It might be better to accept a smaller lump sum payment and ask for the remainder to be paid into your pension scheme tax-free.

You may, if you are over 50, decide that it is worth retiring early and taking your tax-free cash benefits, especially if it can be difficult to find a new job at this age. You cannot touch your pension benefits until you retire, and if you decide to take early retirement you can live off your pension while taking time to look for another job.

GETTING A NEW JOB

IF YOU are looking for a new job, FOCUS, the Forum for Occupational Counselling and Unemployment Services, has a number of tips:

- Keep cheques book tabs.
- Stop extravagant spending on luxury items such as clothes, eating out, holidays and entertainment. "The temptation to keep up with appearances and live as though nothing has happened is enormous," says Price.
- Keep an eye on household bills. Do you leave the heating on all day, or use the telephone in peak hours? It is usually easier to pay bills in monthly instalments where possible.
- Apply for jobs on a daily basis. Keep records of who you have written to or seen and keep copies of your correspondence.
- Prepare carefully for your job interviews. Find out as much as you can about the company. Keep up to date with developments in your particular field.

How to keep the key to your door

IF YOU ARE having trouble repaying your mortgage, you are not alone. Figures due on Monday from the Council for Mortgage Lenders will confirm that repossessions and arrears are at record levels.

Most repossessions occur after loss of

earnings or marital breakdown, and consistently high mortgage rates have put pressure on many new home owners. Surprisingly, they are also most likely to happen among professional people (particularly accountants), and in the south east, according to the Skipton building society.

However, these problems might be avoided by rearranging your repayments.

There should always be ways of keeping your house. Remember that your lender has as strong an interest as you do in

making repossession "the option of last resort".

One vital rule is to contact your lender as soon as you realise that you are going to have problems. You might be able to avoid falling into arrears by varying some of the conditions of your mortgage.

■ You could opt to repay only the interest on your mortgage, and not the capital. If your mortgage is nearing completion, this could cut your payments greatly, although it will not help much if you are still in the first years of the policy, when interest

accounts for most of the payments.

■ If your mortgage did not require capital repayments in the first place, you could lengthen its term (the number of years before you have to repay all of it). This lessens your problems in the short term.

■ Holders of endowment mortgages, linked to a life insurance policy, can switch to a repayment or interest only mortgage. However, be careful if you have only had the policy for a few years - its surrender value may be much less than the amount you have paid for it.

■ You could defer some interest for a period. Lenders will be amenable to this if your repayment problems are obviously temporary but it will not help if you have suffered a permanent reduction in income.

If you have already fallen into arrears and you can now afford to resume paying but not to clear the debt, you might be able to capitalise your interest. In other words, the debt you have incurred will be added to the amount you first borrowed and you continue repayments as if the mortgage had always been

amount.

However, if you are in arrears by more than 12 months or £1,000 (which ever is the greatest), and no arrangements to reduce the arrears have been made, you could be removed from the mortgage interest relief at source (MIRAS) scheme, so you would have to claim tax relief direct from the Inland Revenue.

If things have progressed a stage beyond this and your lender is threatening court action, check your legal rights. County courts will give you every opportunity to

hold on to your property. An excellent guide has been produced by the London Housing Aid Centre.

You should certainly negotiate with your lender rather than vacate the house and surrender the key without notice (an option now taken by 40 per cent of repossession cases, according to the Skipton). This would worsen your financial position as interest would keep increasing until the house had been sold and new rent bills would be added to your debt.

■ *Right Guide for Home Owners, 8th Edition, Jon Lubis and Derek McConnell, The London Housing Aid Centre, 18a Old Brompton Road, London SW3. Price £3.50.*

John Authers

Property in BES offers

RECENT business expansion scheme launches are dominated by assured tenancy companies which rent out residential property. Many are hoping to buy cheap property from developers who are desperate to sell at a discount in the depressed property market. Here are a few of the latest offerings:

■ Sun Life launched its sixth residential BES scheme - BESRES VI - this week. Its Campus investment is in the process of buying property from various universities which it will then rent out. Sun Life guarantees a return of 8.40 per cent over four years as it has the option to sell the property back to the university. The money received is put on deposit for the fifth year.

Sun Life's Development scheme builds accommodation

on greenfield sites, while its Phoenix scheme plans to buy cheap residential property the summer for letting until the recovery of the housing market. The group is also launching a BES fund which will be able to invest in the various BESRES companies. Further details from Sun Life (tel: 071-608-7888).

■ The Cambridge Colleges Funds, managed by Capital Ventures of Cheltenham, Gloucestershire (0242-584980), plans to buy residential accommodation from certain Cambridge colleges which will be let to students. After five years, the colleges will buy back the properties, providing "assured growth" of 20 per cent per annum compound for higher rate tax payers.

There are two separate funds, one with a closing date

of March 15, and the other with a closing date of April 5. ■ Kerrington Developments II will specialise in property development and investment. The first investments are likely to be made in greater London as the managers think this area will be among the first to recover from the doldrums.

They will buy partly finished and completed properties from developers or receivers and are selling at a substantial discount. The scheme is Chancery (071-722-0092) although you can also contact Kerrington Developments (061-949-1760) for more information.

Johnson Fry has launched its Guaranteed Super Growth Scheme which offers a guaranteed rate of return of 17.35 per cent per annum over five years. The scheme plans to buy properties from universities and housing associations which guarantee to buy back once the five years are up. Initially Johnson Fry (071-821-0220) hopes to raise £15m to buy properties.

Sara Webb

Midland charges Access fee

MIDLAND BANK has introduced a £10 charge on its Access and Visa cards. It is the third largest UK bank to do so last year. Lloyds introduced a £12 charge for its Access cards and Barclays brought in an £8 for Barclayscard.

Introducing the fee enables Midland to cut its monthly interest rate from 2.35 per cent to 2.15 per cent. The scheme plans to buy properties from universities and housing associations which guarantee to buy back once the five years are up. Initially Johnson Fry (071-821-0220) hopes to raise £15m to buy properties.

Interest will now be charged from the day that the transactions are charged to the account, rather than from the

statement date. This new method of charging, first introduced by Barclayscard last year, means that the amount of interest actually paid by customers will be substantially lower.

The new charge will not apply to some groups of Midland card holders, including students, holders of affinity cards, and holders of a second card on a single account.

Introducing the fee enables

Midland to cut its monthly interest rate from 2.35 per cent to 2.15 per cent. The new scheme is designed to encourage cardholders to use the card more frequently.

If you stop using the card before April 10, any unpaid balance on your credit card account can be paid off either in full or by monthly installments, but you must let your bank branch know your intentions.

David Barchard

UNIT TRUST SECTORS OVER 10 YEARS	
	% growth
Europe	432.5
Int Balanced	416
UK Equity Inc	415.5
UK General	363.0
Japan	351.3
UK Balanced	293.0
Inv Tr Units	292.0
UK Growth	267.5
F East Asia Jap	219.2
Int Growth	211.3
Fin & Prop	202.1
Int Fin Inter	184.4
F East Exc Jap	160.3
Nth American	158.7
Int Equity Int	116.1
Int Equity Inc	57.6
Convertible	44.8
Commod & Energy	22.2
Australasia	-5.4

To Feb 1. Source: Finbase</

David Barchard looks at the fixed-rate deals available

Best buys in mortgages

WITH PRESSURE building on the government to cut interest rates, is this the time to take out a fixed rate mortgage? A great many people seem to think so. Not only are there many lenders offering fixed rates at the moment, but the mortgages are being snapped up both by new borrowers and people seeking remortgages.

"The branches of money are going really fast," says Mandy Witt, a mortgage broker at Greig Middleton in London. John Charcol, the London mortgage broker, reports similar experience. Interestingly both brokers plump for Sun Alliance's fixed rate products as one of the best buys around.

Taking out a fixed rate implies making some sort of forecast about the way you think rates are going to go over a given period. If you opt for a fixed rate and the variable rate drops well below it for a sustained period, you will be unhappy. On the other hand, if you had taken out a ten per cent fixed rate three years ago when rates were low, the subsequent interest rate squeeze would have passed you by.

But mortgage rates in the UK have averaged something like 12.5 per cent over the last decade, so if you can get a fixed rate below that, you ought to be able to face the future with reasonable equanimity.

Points to watch are:

■ Do you want a fixed rate just for the next year or two or a longer period such as five years? Rates vary accordingly.

■ If you want to redeem the mortgage during the period of the fixed rate, you will probably have to pay early redemption penalties. This is only fair — remember your lender has had to borrow the money for a

fixed period too — but penalties of three months mortgage interest payments are likely to hurt.

Many of the newer fixed rate products include an up-front arrangement fee, usually varying between £100 and £250. This is in addition to any fee you pay your broker. Fees on this scale may cancel out many of the advantages of a remortgage. What is more though some lenders take the fee on completion of the deal, others expect the money with your mortgage application and will not refund it if you subsequently withdraw.

"Most building societies are still sitting at 14.5 per cent standard variable rate, and it is most unlikely that they will fall as fast as base rates do. So we think that the many of fixed rates are very good," says John Charcol.

John Charcol can offer customers buying houses a fixed rate of 11.75% on an RMC mortgage backed by Sun Alliance and covering up to 95 per cent of valuation. Customers with guaranteed salaries pay 11.99 per cent. Elsewhere on the market, the loan is available for only 65 per cent of valuation.

Other mortgages offer the customer rates which change at fixed intervals. John Charcol Plastic, for example, is fixed at 11.99 per cent until July 1992 then kept at a maximum 12.56 per cent but there is also a "collar" (floor or lowest rate) of 10.95 per cent until July 1993. "The idea is that interest rates will remain high until the general election and then even if they go up, the customer will not have his or her rate going above 12.56 per cent, but no further, these mortgages look rather enticing.

You are in effect taking advantage of the anticipated drop in interest rates before it happens — but remember to include any arrangement fees in your calculations.

A more complex but rather popular mortgage from Britannia Building Society takes the interest rate down by one percentage point every six months.

The "Step Down Mortgage" is fixed at 13.95 per cent interest until the end of September 1991, then 12.95 per cent until September 1992 and then 10.95 until 1 April 1993 after which the society's standard variable rate applies. There is a three month interest penalty during that period for early redemption as well as a £100 arrangement fee on completion. The idea is to guarantee that the rate will fall over time.

There are plenty of other fixed rate mortgages on the market, but the terms are not so good.

If you think that it is more or less certain that base rates will fall before long to 12 per cent, but no further, these mortgages look rather enticing. You are in effect taking advantage of the anticipated drop in

interest rates before it happens — but remember to include any arrangement fees in your calculations.

The Mortgage Corporation has some mortgages still going at 11.99 fixed until 1995 — a pretty attractive offer under present conditions, as well as mortgages capped at 12.49 per cent until next December (12.99 per cent for remortgagors).

If you think that it is more or less certain that base rates will fall before long to 12 per cent, but no further, these mortgages look rather enticing. You are in effect taking advantage of the anticipated drop in

Harry Hopkins shakes his head at the plight of poor Fred

A courtship on shaky ground

The CBI and the government are wooing the small investor. But it is a strange courtship and often seems to offer as many cuffs to the object of their affections as endearments. Right now, it is TAURUS prepares to charge, it begins to look as if the affair may have to be called off. Incompatibility has raised its head.

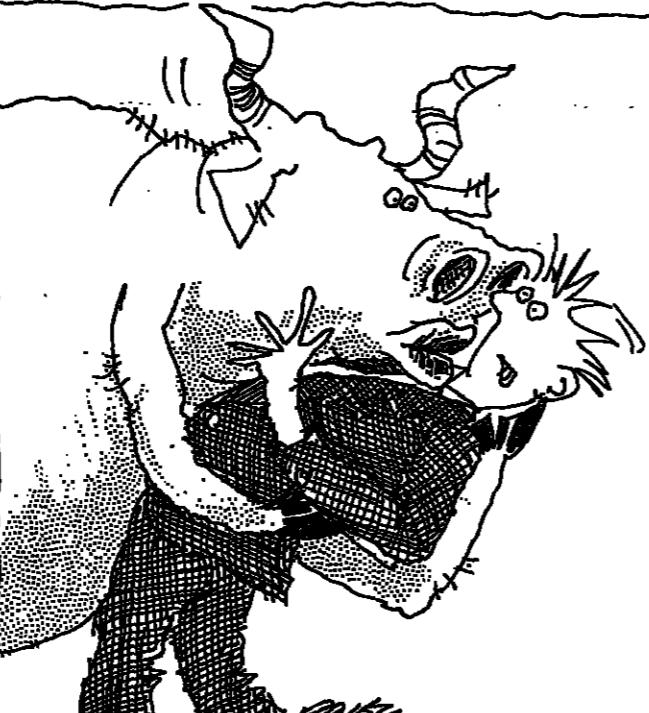
Scheduled to start up next year, TAURUS — the Transfer and Automated Registration of Uncertificated Stock — is a so-called "paperless" system so complex and "advanced" as to be guaranteed to encourage that apprentice investor, Fred, to put his money back under the mattress.

For a start, over the next couple of years or so it will take away his prized share certificate, his only solid title and the respected symbol of company membership since limited liability began. The replacement will be yet another computer print-out which, if it is anything like the "statements" that come from bank cash dispensers, may well be so faint as to be barely readable.

It seems that this document will not even come from Fred's own broker (too small, like Fred) but from some vast faceless "account-holder" bank company or agency. Having the security of Fred's funds above all at heart, TAURUS will equip him with yet another 12- or 13-digit number to be used in making his deals.

Unfortunately for Fred's peace of mind, he probably has had painful experience of computer malfunction in the past. He knows how fraud grew with the multiplication of credit cards. And the Consumers Association has voiced its anxiety about the possibility of disputes over transactions. In the December *Which?* it calls for schemes for compensation "when things go wrong". Fred finds this a disturbing thought.

It merely seems to add insult to injury that small shareholders can vote against TAURUS at a company's AGM. Obviously the institutions' votes will prevail. TAURUS will save them money; it was designed for the big boys. We are told there is no guarantee that it may not cost the small share-



holder more.

However, we shall be told that the electronic revolution is "inevitable". Efficiency demands that we wrench ourselves away from the age of the quill pen. "Antiquated paper" is clogging the system and slowing things down.

Some of us, of course, may feel that a little "slowing things down" — even clogging — might not come amiss after the wild swings that followed the abolition of the face-to-face market and the advent of global screen-watching.

Even as TAURUS plans to sweep away the "antiquated" share certificate, the new Companies Act of 1989 makes it possible to undermine or diminish that other foundation document of the limited liability system on which modern capitalism was built — the company Annual Report and Accounts.

The new Act provides that should a shareholder agree — or make no response to a pre-paid query card — he or she may be sent a brief financial summary instead.

Lest Fred get the idea that

he was to be treated as a second-class citizen, or that the privatised enterprise grudged spending the £3 or £4 that the full report might cost (not to mention the postage) it has been carefully pointed out that it is all for Fred's own good. The auditors, having certified that the Annual Report and Accounts gave a "true and fair view" would then go on to certify that the summary gave a "full and fair view" of the complete report. Which is fine, unless Fred had some money in Polly Peck.

All professions, it has been said, are conspiracies against the laity. Since the doctors saw the light, the accountants must surely rank second only to the lawyers in their accomplishments.

In recent years, designers of company annual reports have succeeded in making them attractive and informative volumes, equipped with graphs and charts which, when closely studied, can provide a commercial education in themselves. To penny-pinching here must appear a very peculiar way of promoting the much-heralded

Called to account

IT MAY come as a surprise to know that if you have more than one account with the same bank problems with one of your accounts can lead to the bank stopping cheques on another of your accounts.

Mrs M was annoyed because the bank failed to notify her, even though she was joint account holder. She complained to the bank and they apologised in writing and resumed the credit arrangement immediately. However, Mrs M felt indignant that the bank should take action over another account where there were no credit problems.

account would be cancelled immediately.

Cheques on his sole account were stopped as were cheques on the joint account, much to his wife's surprise.

Mrs M was annoyed because the bank failed to notify her, even though she was joint account holder. She complained to the bank and they apologised in writing and resumed the credit arrangement immediately. However, Mrs M felt indignant that the bank should take action over another account where there were no credit problems.

Sara Webb

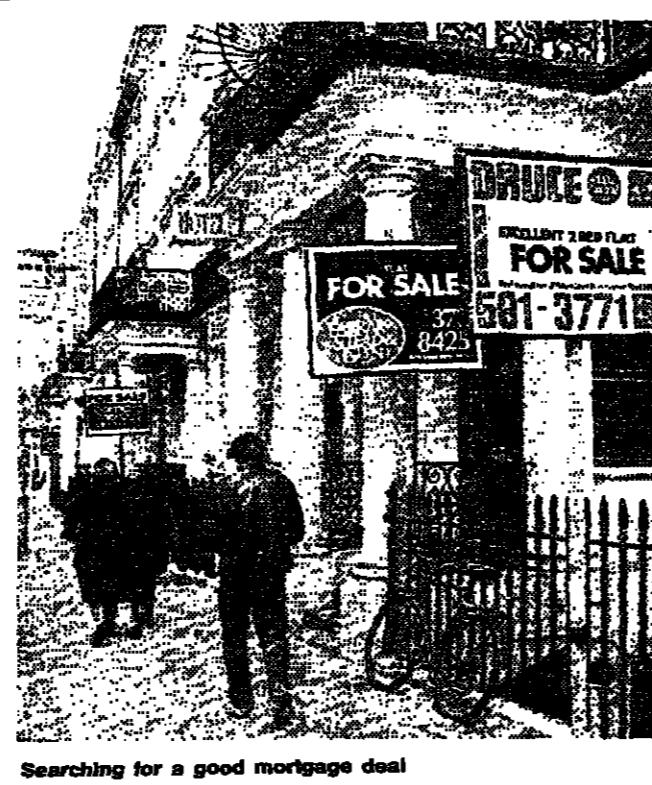
NatWest admits that it made a mistake in not notifying the wife. However, it says that when a customer is having difficulty with one account, it is normal practice to look at the others. In this case, the bank says it was also dismayed about the joint account. "Where there is a sole account and a joint account, one will influence the other. The bank will look at the relationship as a whole and not at individual accounts in isolation" said a spokesman.

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 28 January - 1 February 1991.

Source: Directus Ltd, Edinburgh

Caroline Garnham on the case of non-UK domiciled UK residents

Untaxed Eric's Budget jitters



ERIC HOFFMAN has an attack of nerves every year before the Budget. He was born and brought up in the Netherlands but now lives in England. As a non-UK domiciled UK resident, he has not paid any tax since he arrived in 1984 — except on the consultancy fees he has earned in Britain.

This does not imply that Hoffman is penniless — far from it. He has substantial investments abroad which he relies on to supplement his income from his consultancy and for any big spending. Each year, he worries that the Chancellor might take his privileges away.

Hoffman took advice before coming to the UK and discovered that provided he kept the income from his investments

in trust, rather than owning property situated in the UK (which would be subject to UK inheritance tax), would own shares in a foreign company which are outside the scope of inheritance tax provided the trust is set up by a non-UK domiciled person.

Hoffman's other worry is what to do about his depleting capital account and increasing income accounts. By transferring the money in the capital account into a trust, the source of the income for income account one disappears. This is the effect of making the money in Income Account One pure capital which can be held by Hoffman free of income tax. In effect, the investment account becomes the capital account. Income Account Two fulfils the function of Income Account One and the account set up to receive the income from the trust takes over the role of Income Account Two.

Fiddling with accounts offshore for tax purposes has been a practice for years and so far has been accepted by the Inland Revenue.

Hoffman's last and probably most important concern is whether this favoured tax treatment for expatriates will continue beyond the Budget. It is unlikely that it will be, but he disclosed everything to the Inland Revenue.

Hoffman generally reviews his financial and tax position before and after every Budget. As a result of this year's review, Hoffman decided to take some advice. He wanted to invest in a commercial property in the UK but to do so he would need to bring in money from his capital account and this could pose problems. Over the years, Hoffman has made substantial gains in his capital account. If he were to bring a large sum to the UK he would have to pay capital gains tax on these gains. Furthermore, the inheritance tax would be payable on the commercial property if he bought it in his own name and died while he owned it. If he used the capital account for the acquisition of this property, it would be badly depleted and he would need to use his income accounts eventually.

Hoffman also wants to know whether this year's Budget would affect him and whether he should do anything to prevent it.

To buy the commercial property and avoid the capital gains tax on the gains in the capital account, he was advised to create an offshore trust for himself and transfer the money in his capital account into it. His trustees could then buy the commercial property and no capital gains tax would be payable.

Furthermore, if the trustees decided to pay him a capital sum out of the trust — regardless of whether the trustees invested the money in property or not — even then, no capital gains tax would be payable. This is because the anti-avoidance legislation, which normally applied to charge capital payments to capital gains tax on gains within the trust, will not apply to Hoffman's trust. No income tax will be payable either, provided all income from the trust paid to Hoffman is paid into a separate account kept abroad.

Hoffman can also avoid inheritance tax if the trustees buy the property through off-shore companies which they

DIRECTORS' TRANSACTIONS

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Europco.....	10,500	17	1
MEPC.....	129,050	668	4*
Northern Foods.....	12,233	43	1
Roche & Nolan.....	93,866	150	1
Sainsbury (J).....	100,394	317	3*
Sturge Holdings.....	87,124	203	2
Tate & Lyle.....	214,812	617	1*
PURCHASES			
Aitken Hueme.....	250,000	75	1
Barbour Index.....	5,700	13	1
Beltway.....	7,213	15	1
Brent Walker.....	19,049	13	2
Brit Bloodstock Agc.....	85,000	35	2
Cobra Estates.....	150,000	16	1
Canning (W).....	30,000	32	1
Cupid.....	66,401	54	3
Drayton Asia Trust.....	20,000	12	1
Dunhill Holdings.....	30,000	88	1
Folkes Group NV.....	50,000	21	1
Hawtin.....	200,000	23	1
Hogg Group.....	12,763	20	1
Manweb.....	40,655	41	8
Menvier-Swain.....	7,000	14	2
St James Place Cptl.....	250,000	145	1
Systems Reliability.....	100,000	45	1
Wilding Off Equip.....	50,000	16	1

DIRECTORS of MEPC, the large property company, have continued to exercise options and sell the resulting holdings immediately. The larger property investment companies have outperformed the sector over the last six months because of the relative security of their property portfolios and their relative financial strength.

Significant option related sales were also recorded in J Sainsbury and Tate & Lyle. The former has featured in this column already this year because of directors' sales and Tate & Lyle is yet another in the long list of food companies where directors have been selling.

Shares in Dunhill, the luxury goods manufacturer, hit 460p in July last year at which time a number of directors chose to lighten their holdings. Since then the shares have retreated in the wake of harsher economic conditions worldwide, and the deputy chairman because of the oil price fell during the period. But its earnings reported on Thursday, 1 February, show a substantial rise. This is because it is now much cheaper for the company to buy its oil.

Hilldown Holdings was last week shaken by another series of wild rumours and the shares fell to 154p at one stage before recovering slightly. Analysts have downgraded profit forecasts, and readers may recall that five directors sold over £4m worth of stock last year at prices between 271p and 277p.

Angus MacDonald, Director of Directus Ltd, Edinburgh

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share*	Market price**	Price before bid date	Value of bid date	Broker
Prices in pence unless otherwise indicated					
Audit & General	31½	31½	12.4	West India	
Bardon Grp	108	102	97.05	Evergreen	
Broad Street	11½	11½	0.5	SPG	

MANY readers have written in asking how they can transfer shares to family or friends. Here is a question and answer guide to the ins and outs of transferring shares.

Q I wish to sell part of my share portfolio to a work colleague and at the same time I would like to give some shares to my son. Do I need a stockbroker to implement these transfers?

A No, you only need a stockbroker if you want to sell some shares and do not have a buyer lined up. The broker will then arrange to sell the shares for you in the stock market. If you have your own purchaser all you have to do is fill out and sign a stock transfer form and give it to the purchaser together with your share certificate(s). Stock transfer forms are sold by specialist stationers such as Oyez.

The purchaser should then send form and certificates to the Company's registrar who will substitute his name for yours in the shareholders' register and issue him with a new certificate. The same procedures apply to a gift of shares. Q. What if I cannot find my share certificate?

A The Company's registrar will issue a replacement certifi-

David Cohen offers a guide to transfers Shares all round

cate once you have signed their indemnity form and, in some cases, paid a small administration fee.

Q Will either my colleague or my son have to pay stamp duty?

A Stamp duty is currently payable on share transfers at the rate of 0.5 per cent of the amount being paid for the shares (though the last budget promised that this duty will be abolished as soon as the Taurus paperless transactions system is introduced by the Stock Exchange - expected to be early next year).

So your colleague will have to take your transfer form along to his local Stamp Office and pay duty to get the transfer stamped. The main London Stamp Office is at Bush House, most large towns will have one. Registrars are prohibited from registering an unstamped transfer.

However, gifts of shares are exempt from stamp duty. To ensure that your son benefits from this, you should sign the

exemption certificate on the back of the share transfer form indicating that the transfer falls within exempt category L. Your son can then send the transfer, together with your certificate, straight off to the registrars.

Q Will I be subject to capital gains tax on either the sale to my colleague or the gift to my son?

A CGT applies to share disposals, whether by sale or gift. In the case of a gift, you are treated as if you had sold the shares for their market value at the date of gift. The main exception is a gift to your husband or wife which is deemed to be on a no-gain, no-loss basis, ie there is no immediate tax bill but the receiving spouse takes on the other spouse's initial CGT base value. (There used to be a general facility to "hold over" the CGT liability on gifts by joint election of the transferor and transferee, but it is no longer available for gifts of shares in quoted or USM companies.)

Any gain you make on a share disposal will be reduced (or any loss increased) by the indexation allowance which is calculated by reference to the Retail Prices Index. Whether you end up actually paying CGT will depend upon whether your net gains for the tax year exceed the annual CGT exemption (currently £5,000).

Q A dividend is soon due on the shares I am transferring to my colleague. He's agreed that I should receive it. How can I make sure that the Company sends it to me rather than to him?

A Dividends are paid to all shareholders on the register on a specific date, the "record" date. Find out when the record date is for the particular dividend and make sure that the transfer of the shares out of your name is not registered before that date.

Q One of the shareholders I intend to give my son is a tiny holding in one of the electricity companies. Since he and I both have tiny holdings

in this particular company, I thought it would make sense to consolidate them in his name. What are the procedures for this and could there be any adverse consequences?

A The procedure will be the same as on any other transfer except that because this is a new issue you will not need a transfer form - you simply sign the back of the interim certificate - and because your son wants to consolidate, he should send the registrars your certificate together with his own. He will then get back a new certificate for the combined holding.

C Consolidating two shareholdings should not normally create any difficulties. However, in the case of privatised companies such as the Electricity "Discos", if you transfer shares on which you are entitled to special customer incentives, the incentives will be lost. This is an absolute rule - the fact that the shares are staying in the family and that this is a limitation. Other manufacturers such as Apple and Amiga offer systems which allow the cursor to move diagonally. But, the business user is normally worried about making the numbers balance at the end of the month and need not worry about the antics of the pretty picture brigade. So, I will confine myself to packages which are apparently even better applied on a transfer by you into the joint names of your spouse and yourself.

D David Cohen is a partner in the law firm Pashner & Co.

THE DIMINUTIVE terms PC or micro are rather misleading nowadays. Top of the range PCs, costing around £10,000, come with disk storage of 1,000 megabytes, which five years ago would have put them in the mainframe class.

For the vast majority a PC can do what they want. The software being developed for PCs is as sophisticated as anything written for mainframes.

Most PCs and most business software packages are designed to run under IBM's DOS operating system. Under DOS the cursor moves around the screen vertically and horizontally. For those who want graphics and images this is a limitation. Other manufacturers such as Apple and Amiga offer systems which allow the cursor to move diagonally.

But, the business user is normally worried about making the numbers balance at the end of the month and need not worry about the antics of the pretty picture brigade. So, I will confine myself to packages which are apparently even better applied on a transfer by you into the joint names of your spouse and yourself.

D David Cohen is a partner in the law firm Pashner & Co.

COMPUTING

Hard sell for software

package will not meet. A solicitor's system needs a separate office and client account. Software companies specialize in writing packages specifically for them "vertical" markets. Often they will sell them direct to the customer.

A software package may cost a quarter of a million pounds to develop and market, the cost around £5,000. But the variable cost of producing one additional copy cannot be much more than £20. This enormous gross margin allows infinite variations in pricing. In the spreadsheet market Supercalc, which is number two to Lotus 1-2-3, has just been reduced in price by 80 per

between the two. There is a place for both types provided customers understand which is appropriate for them. Often they do not and this causes problems.

For example, a customer buys a full suite of packages, sales, purchase and nominal ledgers, sales order processing, inventory and stock control. For a few thousand, giving these six modules on a computer and operating will take the best part of six months. Each would need a minimum of one day's support from the dealer to get going; six or seven days at £300 per day; perhaps £2,000.

But the customer's willingness to pay for support is usually determined (illogically, but understandably) by the price of the software. A customer who purchases Sage Financial Controller - six modules for £3,999 - will be unwilling to pay £2,000 to get them running. But a customer who has paid £3,000 for the six modules might be.

D David Cohen offers a beginners guide to business systems

from £396 to £79. This sort of thing confuses the customers who assume that price equates to quality.

Different views on what is the correct price may cause friction between the software company and the other important group in the software industry, the dealers.

Companies with their own data processing departments have the skills to define their information requirements and to get computer systems up and running. A company without its own DPD department must rely on a computer dealer. The dealer decides that this package suits the customer company, buys it, installs it and supports it afterwards. The advantage to the software company is that they can spread the development cost over several customers. The advantage to the user is that it is cheap, it is fully tested, and because many people use it, there are many people who can operate and support it.

Dealers vary enormously in the type of service they offer. At the top level they are highly qualified technically. They will specialise in multi-user systems, often rewriting sections of a package to suit the customer's requirements, or like a software company, writing whole applications. They give the service, but at a price. At a lower level there are dealers who aim for volume sales of hardware and software at the lowest possible price. After customers leave the premises they are on their own.

Most dealers are somewhere between the two. There is a place for both types provided customers understand which is appropriate for them. Often they do not and this causes problems.

Sage have achieved volume sales by offering excellent software at very low prices. But from the dealer's point of view, Sage brings a miserable £100 margin on the software and a customer who is expecting a great deal but will not pay for it. Some dealers simply refuse to stock Sage products, others sell on a strict DIY basis.

The smaller the customer, the more support he is likely to need. But he is willing to pay for it. During the '80s many of the dealers who tried to sell to the smaller user and also provide good service went bust. Amongst dealers and software companies who survived, there was a "flight to quality" as they aimed at those customers who were willing to pay for the skills and support required. Smaller users have been left more and more to their own devices.

Into this gap have moved the software suppliers who sell not through dealers but through mail order, non-specialist retailers such as Dixon's or John Lewis, and shareware - whereby the user receives a free evaluation copy of the programme and pays only if he decides to keep using it.

D David Carter is a consultant in information systems for small companies. Tel: 0727-55996. His next piece will be on accounting systems.

Sitting tenants must have furniture

A YEAR AGO I bought a flat for just under half its market valuation but with a sitting tenant who had no written tenancy agreement with the previous landlord, although he had been the tenant for three years. I also have no written agreement with him and presumably have accepted him as a sitting tenant.

Six months ago the property was damaged by fire and the tenant had to move to temporary accommodation, although most of his furniture was left behind. While repairs were in progress the builders went bankrupt and things were left unfinished while matters are sorted out between the receivers, insurers, loss adjustors and myself. It may be a while before repairs are completed.

Meanwhile my tenant will be moving shortly into a comparable housing association flat with security of tenure and similar rent and will be taking the rest of his furniture and belongings from my flat. Can he hold on to his claim as sitting tenant and insist on returning, if and when the repairs are completed, although he has a secure ten-

ancy elsewhere? If he can return, can I put up his rent to recoup some of my losses?

The tenant would not be precluded from claiming that he still has a protected tenancy in my house even if he has obtained accommodation elsewhere. It is clear that his move out of your house was involuntary, and it then becomes a question of fact as to whether he resumes residence sufficiently to enable him still to claim Rent Act protection. It is possible, but unusual, for a tenant to have two protected residences. However, if your tenant does not leave some furniture and domestic chattels in your flat it is unlikely that he could establish dual residence, and his tenancy in your house will end.

Redundancy minimum

I have recently been made redundant and have been given the statutory three months notice which expires on the March 29 (Good Fri-

day). The notice was served orally initially by a senior partner and witnessed by two other partners. Five days later I received notification by post with an attached folio of redundancy payment. It appears that the amount I am about to receive is a basic and statutory sum of 25 x 184 or £4,600 and although this sum is the minimum entitlement it seems a very unfair settlement after 27 years employment with a professional surveying company, as no allowance for equity or allowance for services rendered over the past years.

As I am not a member of a union or a professional body I would appreciate your view on the amount of redundancy, which I consider to be an insult. I am wondering if there is any possibility to redress the situation and if it would be worth passing the details to a solicitor.

The redundancy payment is made by a formula laid down by statute. The payment should comply with the provisions of the Employment Protection (Consolidation) Act 1978, 4th Schedule. This gives

you a right up to 20 x 1 week's pay (1/4 weeks for years where you were not below the age of 41) for each year in the employment counting backwards from the date of expiry of your notice. There is no room in this jurisdiction for concepts of equity or allowance for ser-

vices rendered over the past years.

On January 26, an answer in the Briefcase column referred to a Treasury Reserve Account. National Westminster Bank have asked us to point out that this is an account offered by its Treasury division and is not connected with the UK government.

no action at present, and continue to pay rent at the present rate. If the landlord shows signs of realising that he can act to terminate your current lease (which is continuing by the operation of Part II of the Landlord and Tenant Act 1954), you should consider getting in first and serving a tenant's notice under section 26 of that Act giving, say, 11 (but not more than 12) months' notice, and then applying for a new tenancy.

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But some businesses have unique needs which a generic

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First, catch your hare . . .

Philippa Davenport tracks down a traditional English dish

DISUSED AIRFIELDS fascinate me. Although disused in the sense that aircraft no longer take off from them, often they seem to zing with more life than in their flying days.

Ghosts haunt the hangers of our neighbourhood airfield. Mere mention of the place brings a blush to the cheeks of some of the not-so-young women hereabouts. The hangers once buzzed, I am told, with battalions of gum-chewing, crew-cut GIs whose pockets were packed with nylon stockings for the girls they favoured (or who favoured them?) and on one magical night they danced to the real, live sound of Glenn Miller and his band.

Wildlife still runs rife on the airfield, which is clearly regarded as a top-notch gymnasium by the tearaway, keep-fit hare fraternity. Sometimes as I drive past en route to the station for a day's work in London, I see the agile creatures limbering up in the early morning mist, leaping and bounding tirelessly or sprinting down the runways like magnificent athletes in training. Absorbed by their own little rituals they seem oblivious of human presence.

At this time of year hare is also to be found in the butcher's shop, for in these parts people still cling to the old pattern of eating feathered game before Christmas and furred afterwards. A row of the creatures hangs on butcher's hooks along one wall where until recently feathered arms of pheasant were displayed.

Hare makes satisfying cold weather eating just right for January and February when winter is at its nastiest. Like all game the meat tends to be lean and dry, but it is full of rich flavour, amazingly wild and gamey. That is more than can be said of pheasant, which seems all too often to be insipid, semi-farmed stuff these days.

Get the butcher to joint hare for you,

trimming each piece to a tidy shape, cutting away the flaps and bony rib cage, for example. There is practically no meat on them, they take up a lot of space in the pie dish or pot and look ungainly on the plate, so it is best to get them out of the way from the start. Remember though to take all the trimmings home with you, including the skinned head, as they make flavoursome stock.

The butcher should strip off the tough blue-white membrane that encases the saddle and legs of hare, and he should give you a little polythene bag containing the liver and blood, which can be used to thicken soups, sauces or gravy. Keep the flame low after adding the blood, if the heat is high blood curdles.

When ovens were rare and cooking was commonly done in a pot over the fire in the hearth, jugging was the popular solution for foods that needed long and gentle cooking - hence jugged hare.

Romantically inclined cooks intent on making the recipe old-fashioned way will seek out a tall brown stoneware jug-type pot with pouring lip and lid. Pack the ingredients into it, cover tightly, and cook it in a pot of simmering water to cook until the hare is tender.

The same results can be achieved just as well and with less palaver by putting the ingredients into a common or garden casserole and placing it in a hot water bath in the oven.

Whether you jug it the traditional way or in the oven, one of the characteristic features of the dish is that it is "cold start". By this I mean that the meat and vegetables are not given an initial browning. They are just dusted with flour and packed into the container raw, and cold liquid is poured to cover them.

Jugged hare is a prime example of good English cooking at its plainest. Onions, carrots, celery, pepper, salt, maybe a clove or two and a faggot of parsley, bay and

thyme are the usual ingredients to tuck round the hare.

Water is the normal liquid, or sometimes stock. The resulting gravy is plentiful but thin (although it may be thickened by puréeing some of the vegetables with the cooking liquor as described in last week's recipe for pork olives) and the dish is traditionally served in the simple company of potatoes and pickled walnuts.

There is no reason of course why one should not indulge in richer, more flamboyant interpretations of jugged hare. You could for example stuff the meat with ground cinnamon, allspice and crushed coriander seed, replace the carrots and celery with prunes and fennel (yes, I am addicted to fennel), add curds of orange and apricot or sprigs of dried lavender to the bouquet garni, and use wine or port in lieu of some of the water or stock.

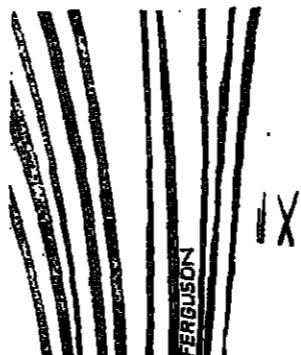
For a very different flavour, hare could be jugged in the Hungarian or gipsy manner, cooked from cold with slices of kababani-type sausage, sweet peppers and onions in a tomato and paprika sauce. This might be served with noodles or dumplings and a bowl of soured cream sprinkled with caraway or poppyseed.

Returning to home territory, hare makes excellent puddings and pies. Onions, bacon, mushrooms and redcurrant jelly are favourite flavourings for these, and I like to savour suetcrust pastry with thyme and lemon juice.

Like jugged hare, a suetcrust pudding is a cold start dish by tradition. However, I prefer to cook the filling a day ahead so the consistency and flavour of the gravy can be checked before it is sealed in the pastry-lined basin. Doing it this way gives you the bonus of a relatively brief pudding boiling time (like the second cooking of a Christmas pudding on Christmas day) which produces a particularly light suetcrust.

Puff pastry is the country house choice for topping a hot game pie. Phyllo pastry is the modernists' alternative, most impressive when dramatically "quilted" by scoring it in a diamond pattern just before it goes into the oven. Handling phyllo always strikes me as more akin to dress-making than patisserie, so it seems less daunting than puff pastry. Cooks who are nervous of pastry in any guise can finish their pies in other ways.

Simplest of the lot and irresistibly crunchy is a thick blanket of diced fried bread croutons. Mix them with the finely grated zest of a Seville orange and some parsley for added colour and aroma.



For an Italianate finish cover the pie with a roof of polenta. Cut thick slices of cold polenta into triangles and arrange them, barely overlapping, over the top of a precooked and cooled hare stew. Brush the polenta with oil or melted butter and reheat in the oven until thoroughly hot, then burnish briefly under the grill.

Then there is the old English force meat crust called *pulpitton* (pronounced *pupton*). I like this very much for topping pigeon and I think it would go well with

hare. *Pulpitton* is a sort of savoury crumble but made with breadcrumbs not flour and including marjoram and thyme, like the aromatic crust of a cassoulet. To make enough to cover a small pie dish, cut $\frac{1}{2}$ lb streaky bacon into snippets and fry gently until the fat runs. Add 1 oz lard to the melted bacon fat and soften slightly two large, finely chopped onions. Away from the heat mix in $\frac{1}{2}$ lb fresh breadcrumbs and the snippets of bacon. Season with plenty of dried marjoram and

thyme ($\frac{1}{2}$ teaspoon of each is not too much) and the zest of a lemon (two). Stir in a couple of spoonfuls of stock or gravy, just enough to bind the mixture, on no account make it wet.

Scatter the mixture thickly over the pre-cooked and cooled meats, barely moistened with gravy (serve the rest of the gravy in a jug) and bake in a moderately hot oven for about one hour until the meat filling is thoroughly hot and the crust is crisp and appetisingly brown on top.

The emperor wants his dumplings

Giles MacDonogh enjoys an Austrian treat

IN HIS classic account of the last century of the Austrian Empire, *The Habsburg Monarchy 1809-1918*, the late A.J.P. Taylor credited the imbecile Emperor Ferdinand with the line: "I'm the emperor and I want dumplings!" The historian then added in a footnote typical of his acerbic wit: "Strictly he demanded noodles. But for a noodle to ask for noodles, what be in English an intolerable pun."

Taylor was having fun at the expense of his readers. He had lived in Austria long enough to know that *Nudeln* (if that was what Ferdinand wanted), like *Knödel*, *Nockerl*, and *Krapfen*, are all members of the same gastronomic family and have nothing whatsoever to do with the English word noodles. The English translation for all four (with the possible exception of some sorts of *Krapfen*) is dumplings. It was for dumplings that the emperor called.

Ferdinand's taste for dumplings was by no means proof of imbecility. Austrian dumplings can be extremely good. Listening to Radio Prague recently, I heard a Czech conductor laud the quality of Czech dumplings (which he stipulated should have the springy consistency of an Austrian woman's backbone). From my limited experience of restaurants in Prague, however, I noted none which would stand beside some of the dumplings I sampled last week in Vienna.

The most common form of dumpling is the *Knödel*. *Semmeknödel* for instance, are made from pound bread and cheese in boiling water. When *Semmeknödel* have too firm a consistency they can be less than tempting, and are usually found floating in your soup or squatting beside a heap of *Sauerkraut*. In a *Beisl* (the Vienna equivalent of the French bistro) there are as many sorts of *Knödel* as there are castles in Spain, and the better sorts contain fat, bacon, onions, cabbage,



similar to the pike *quenelle* you find near Lyons; only the latter was a central European dill cream. At *Korso-bei-Oper* (Märlenerstrasse 2, tel: 51 510 546), simple *Oriessnockerl* (semolina dumplings) accompanied the consommé.

It was also at *Korso* that I tasted *Nudeln*, in this case *Mohrnudeln*: thick fingers of paste coated with poppy seeds. The dough for these *Nudeln* was made from potato flour, which is quite often the case with sweet dishes. Poppy seed is a Viennese *leitmotiv*; it is rare to experience a meal in the city without coming across it somewhere.

Also at *Korso* (the Viennese menu entitles you to three desserts), I had the chance to try *Faschingssknöpfchen*: tiny doughnuts filled with apricot jam which are made in the carnival season. *Krapfen* are basically doughnuts deep-fried in *Schmalz* (fat), although savoury versions also exist.

The same sweet or savoury rule applies to *Buchtel* made from yeast dough. At the restaurant *Am 1900* (Gürtelgasse 1, tel: 51 14 37), I had the Viennese favourite, *Pontiabuchel* where the *Buchtel* are filled with highly spiced plum jam.

Viennese restaurants have been returning to their origins and very many include some refined Viennese dishes among their own reworkings of international nouvelle cuisine. Even Vienna's top restaurant *Steirereck* (Rasmussenstrasse 2, tel: 71 33 168), has a smattering of dumplings among its refined, Styrian regional dishes.

At 1900, like *Korso*, there is an attractive Viennese menu (and that means the dishes have been culled from all over the old empire). The first course on 1990's menu was *Kraufleckerl*, Vienna's answer to noodles: little bits of pasta with chopped cabbage and garlic. It may not sound like much, but it was delicious and I'm sure Ferdinand would have called for more.



Alan Harper

Andrew and Tessa Bramley: there is no doubt about the quality of the cooking

On the trail of a good lunch in the north

Nicholas Lander eats out in Leeds and Sheffield

COMPARE AND contrast the luncheon fortunes of the businesswoman or woman, in London and Leeds.

Those based in the capital are surrounded by the highest concentration of restaurants and brasseries ever and hotels are going out of their way to offer set price lunches to fill their dining rooms. In Leeds there is gastronomically, remarkably little on offer.

The explanation lies partly in supply and demand. Businesses do not go out to eat more frequently because there are so few restaurants to choose from; restaurants do not open during the day because they feel there are no customers and they prefer to wait for the more lucrative evening business.

Restaurants aside, Leeds has plenty to offer culturally: it is home to Opera North, a piano competition and a conductors' competition, but at lunch it is difficult to eat well. One leading businessman, discussing the city's future with a member of the influential Leeds Development Agency, thinks that among the city centre's many needs is a good, reasonably-priced brasserie or restaurant.

At night there is one but you have to drive 15 minutes outside the centre,

past the ruins of Kirkstall Abbey, to the picturesque village of Horsforth, to eat at Paris (0532-581888) which for its first year did open for lunch but reverted to evenings-only because of lack of demand.

Paris is run out front by Martin Spalding and in the kitchen by Stephen Kendal. No-frills in design, crowded and rather noisy, it does however supply what the naturally wallet-conscious Yorkshire diners obviously want: fresh ingredients, well cooked and keenly priced and a wide-ranging wine list.

The two most striking aspects of Paris's food and the fish offer and the style of presentation. A lot of the fish comes from Yorkshire's east coast, Scarborough in particular, and is cooked in a variety of styles. As first courses there are mussels in curly and coriander with noodles, king prawns grilled with garlic. Eight different fish main courses may include monkfish with saffron and spinach, sea bass with leeks and ginger and the more classical escalope of salmon with tarragon.

The manner of presentation is also commendable. The description on the graphics-conscious menu is understated so that what arrives always seems a pleasant surprise and the service is friendly. As we left the owners were sitting down to a late night kir with the skilled kitchen brigade, mostly Yorkshire born and bred, before setting off into the cold night air.

The success of this particular restaurant has allowed the two owners to take over another restaurant in Huddersfield, now also called Paris (tel 0844-516773); a decision they took only after a site in the Leeds city centre fell through. Let us hope for Leeds and its business community that they will find another.

Thirty-five miles to the south, in Sheffield, the situation is no better. It is to be when Tofts was open in Matilda Street but five years ago its owners, Peter and Tessa Bramley, took over the Old Vicarage in Ridgeway, a small village technically in Derbyshire but still only 15 minutes from Sheffield's city centre and not that much further from Chesterfield.

Set in rolling countryside, the Old Vicarage is a definite change which has been largely restored by Andrew, the Bramley's son. Its two-acre garden provides many of the organically grown vegetables, fruits and herbs for kitchen.

It is possible to imagine a restaurant of this elegance in the depths of the

franch countryside. If it were, there would be no shortage of signposts and the village would proudly herald its proximity. But this is England and as a nation we are not yet proud enough of our gastronomic achievements. The taxi driver at Sheffield train station had never heard of the restaurant, nor were there any signposts to help him.

Tessa Bramley began her working career as a teacher of home economics and the disciplines she learnt at that early stage are clearly reflected in her cooking. Over the years she has developed and obviously eaten widely and the short menu reflects a wide variety of influences.

A pressed duck and foie gras terrine, classically made with calves' foot jelly, sits next to a langoustine tempura with an oriental dip as first courses while a single main course clearly demonstrates these eclectic influences. The breasts of a local pheasant were served with the very British bubble and squeak, the legs casseroled with a dressing of balsamic vinegar from Modena, Italy.

When the Old Vicarage opened three years ago it was for dinner only. Late last year it opened for lunch as well, as a result of repeated customer requests, but the demand so far has not materialised. Partly this is one of the consequences of the recession but partly it is because the Bramleys have not yet fully appreciated the difference between the luncheon and evening trade and introduced a keenly priced luncheon menu.

Their current menu with first and main courses priced together ranges from £24.50 to £28 and with dessert, coffee and wine the cost is closer to £40 per person. There is no doubt about the quality of the cooking, a clear notch above Paris, or the generosity on offer, but this is a lot to spend over a leisurely dinner and probably out of the question, at least for the moment, for all but a very few at luncheon.

If, however, the Old Vicarage were to offer a couple of differently-priced set lunches and spring were to have full view from their dining room windows this would be a delightful lunchtime setting.

■ The Old Vicarage, Ridgeway Moor, Ridgeway, Sheffield. 0742-478314. Tuesdays-Saturday. 12.15pm-2.30pm, 7pm-11pm.

(around 1.30 kilos of grapes) will have cost the equivalent of £3 for cuvées from the lesser communes and at least £4 for the top ones.

The steep increase in grape prices must obviously lead to a rise in retail prices, but less than some suggest. For they will be evened out over their stocks, which for the quality-concerned houses should be expected to fall by three years sales.

It looks very much as if initial rises will be about 10 per cent, and in many cases these have already taken place. However, eyes will be fixed on May, when the size - though not the quality - of the 1991 vintage can be estimated. Barring prospects for a very small vintage - and the last was in 1985 from a rather smaller vineyard area - there is no chance that grape prices will again go up.

Moreover, the combination of higher prices and economic depression in such leading markets as the UK, US and Belgium, is leading merchants to predict an acceleration in the fall of sales that had

last year.

May the UK, for this reason, expect a drop in retail prices? That is unlikely this year, although forecasts in some Champagne quarters of a drop of 15-20 per cent in world sales would present Champagne with acute problems. Otherwise grape prices at the vintage are not expected to fall, and the merchants themselves would not want too sharp a decline, as they would have to revalue their existing stocks. A "qualitative reserve", not put on the market immediately, might have to be established as happened with the huge crop of '92 and '93.

For the high cost of replacing a bottle of champagne is not always appreciated: about Pfr2.50 a kilo for the Spanish Cavas, made by the same traditional method; Pfr3 for Sautin and Pfr5 for Crémant d'Alsace.

In Champagne there is frequent talk of increasing the quantity of grapes required to produce a given amount of the basic still wine, of the minimum ageing period in bottle before sale rising gradually from one year to 18 months or, as in Portugal for port, prescribing the proportion of stock that can be sold ex-cellars each year.

There is little prospect of an early return to a contract system, even of a more flexible kind, but organisation and regulation is necessary to secure such improvements in quality and, as long as these can be seen to be on the move and prices remain reasonable in relation to the high costs of production, amateurs of champagne should continue to drink it - in prosperity a celebration, in adversity a comfort.

Edmund Penning-Rossell

Champagne: a comfort in adversity



Basically the proposed figure was adhered to initially. But, when the fourth and final payment is made next September, the merchants have individually agreed to pay a bonus on their sales or on the general level of payments in the area concerned. This could add Pfr2.50- Pfr5 a kilo. Under-the-table additional payments may have been made but not disclosed.

This means that the raw material for a 1990 bottle of champagne

HOW TO SPEND IT

There's no need to get too soppy on Valentine's Day, says Lucia van der Post. She picks some straightforward gifts for the one you love

Yes, it's time to pamper Smoochykins

SMOOCHYKINS sends lovingest message to his darling pamperkins – yes, it's that time of year again. You may think that nobody could be quite so daft but... Every year the number of messages in the personal columns gets longer, the words get daffier and the amount of money that changes hands in

pursuit of the soppy tribute gets larger. If you, too, have somebody whom you would like to please you do not have to indulge in the silly, the wasteful or the downright vulgar. There are lots of straightforward things which would be welcome. Here are just a few:



THE BEST, the nicest presents, in my view, are always the one-off, the completely individual. Right on cue in comes the Crafts Council shop at the Victoria & Albert Museum, South Kensington, London SW7 with lots of suggestions for Valentine's day.

They come inexpensive and expensive, jokey and serious, beautiful and eccentric – in other words, there ought to be something for everybody. There are little round pewter or silver love tokens by Jane Short from £9.50, jewellery by

Hazel Jones from £2.60, cufflinks (at last, something for the chaps) at £64 in etched copper by Judy McCraig, a theatre box by Jim Edmiston for £207 and a series of fabric collages, like the heart photographed here, by Janet Bolton, at about £225. The Valentine present show

is now an established event in the calendar of the Crafts Council's Shop. This has encouraged many of the artist/craftsmen on their books to think creatively on a romantic theme, so this year's crop of ideas is richer than ever. The shop opens for the same hours as the museum – from 10 am to 5.30 pm from Monday to Saturday and from 2.30 pm to 5.30 pm on Sundays. The forgetful, late or suddenly inspired can rush along on the day itself to warrant the exhibition doesn't close until 5.30 on February 14.

They come with



HALCYON Days is always a source of romantic ideas. Its enamelled boxes with a range of sweet messages are much collected by aficionados and many buy each new limited edition. This year's St Valentine's box (left) is the 18th in the series and is decorated with lovebirds, hearts and flowers. It features the opening line of an Elizabeth Barrett Browning poem: "How do I love thee? Let me count the ways..." and sells for £55 from Halcyon Days, 14 Brook Street, London W1. If that sounds a little soppy there is, for instance, the 1981 year box, an oval container with the message "A Year to Remember" inside the lid. (258).

it does include the catalogue, and from them on you have access to a wide range of silver and jewellery from some 30 exhibitors. Prices start at about £30 and there is plenty

of choice in the middle ranges, while those for whom £10 or so is a mere trifle will be able to shop in that league as well. The gold locket photographed here is French, dates from around 1900 and has a border of diamonds, all very art nouveau. From Maurice Asprey's stand (41 Duke Street, London SW1) it sells for £25.50.

ANYBODY out there who has managed to earn a nice fat bonus or has reaped some kind of windfall, even in the current gloomy economic scene, might feel like a Valentine's day outing to Sotheby's at 34 & 35 New Bond Street, London W1A 2AA, when jewels a-plenty will be falling under the hammer.

Not everything, needless to say, is heart-shaped but serious admirers will find lots to further their cause. There are heart-shaped necklaces set with rubies, sapphires and diamonds, emerald and diamond bracelets, a heart-shaped amethyst and diamond bar brooch and lots, lots more. Serious contenders, though, will need to have at least £600 to spend. Viewing is on Sunday February 10 from 12 noon to 4 pm and on Monday from 9 am to 4.30 pm.

■ Pen your billet-doux on an exquisite card with a subtle heart made from dried petals, £3.95 from The Stationery Department, 181 New Kings Road, London SW6 4SW. Others range from £1 and there

are also sweet china boxes with suitably besotted messages at £9.25 and enamelled ones at £22.95.

■ If your idea of a romantic night is one spent in rather Out and you live anywhere near Barnes, south London, then Sonny's Food Shop, 92 Church Road, Barnes, SW13 ODQ (Tel: 081-741-8451) will deliver a competently ready-to-fix meal for two for £25 (not a romantic thought, I know, but that is cheaper than almost any restaurant) complete with beribboned box, linen napkins and a rose.

You get half a bottle of champagne – if you are seriously wooing I would advise bringing another half as well – blinis with salmon caviare, coquilles coeur à la crème with passion fruit sauce, chocolates and coffee. All orders should be in by February 13.

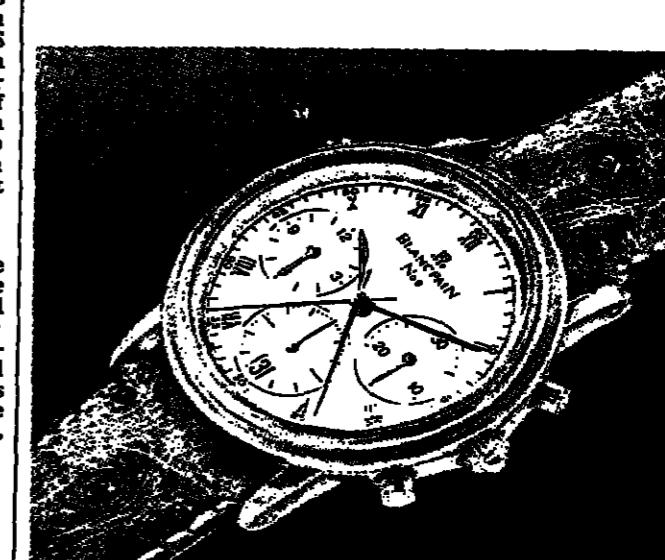
■ A replica of a gold ring discovered on the site of Shakespeare's Rose theatre in London would make a charming gift for the Big Day.

It is just a simple gold band with a heart pierced by two arrows and inscribed, in archaic French, "DU FENCI POVE MOYE". It costs £55 in nine-carat gold, £9.95 in silver gilt from The Museum of London Shop, 150 London Wall, London EC2 5HN. To order it by post costs an extra £1 – remember that you must give an exact ring size.

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IF THERE is something to celebrate, Joanna Wood of 48a Pimlico Road, London SW1W 6LP (tel: 071-730-5064) has a decorative idea to match. For Valentine's day she has a collection of decorative plates, (below) each different, each hand-made and hand-painted by the French artist Christine

Viennet, who specialises in the art of *troupe l'oeil*. There are plates of fruits of every kind – grapes, oranges, cherries – as well as petit fours, chocolates, sugared almonds and nuts. Not meant for serious dining, more as decorative pieces. Small plates are £30, large ones £36.50.



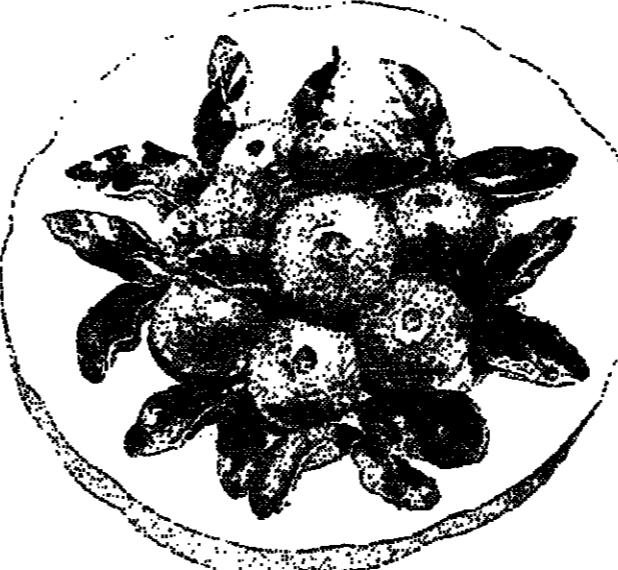
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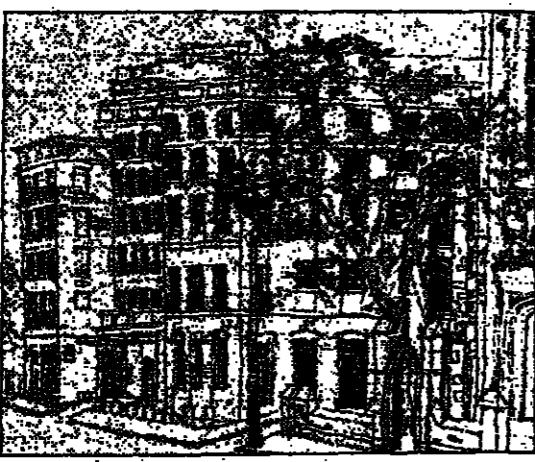
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A drink to melt the heart

FOR THE post-Oval teeny generation, that powdery combination of cocoa, glucose and colouring known as drinking chocolate has about as much romantic allure as a flannel nightgown.

In previous centuries, drinking chocolate enjoyed a more sophisticated image. It was found in the coffee houses of 17th century mercantile London, the homes of the European *haut ton*, and even in Mozart's operas. As Despina, the canary maid in *Cost Fan Tutte*, prepares chocolate for her pampered employers, she laments the fate of servants like herself whose lot is to be tantalised by the aroma, while others get to enjoy the taste.

Chocolate was also sold on continental streets. Vendors, like Arab water sellers, carried large insulating containers on their backs and dispensed the drink through pipes into cheap communal cups. Contemporary engravings show that the containers were sometimes elaborate, decorative affairs, one sporting a trumpeting angel on top, another clad in rich fringed velvet.

In Latin America, where chocolate is still widely drunk in a concentrated, unsweetened form, the whipping is done with a *molinillo*. The name derives from the word for windmill and it consists of a wooden handle with a free-moving ring and a bulbous carved end. Something between a wooden spoon and a whisk, it aerates the chocolate without splashing it. Charbonnel et Walker imports *molinillos* of variable decorative interest. At £5.95 they make an unusual Valentine token, to keep the recipient guessing not only who sent it, but what to do with it!

■ Products available from Charbonnel et Walker, One The Royal Arcade, 28, Old Bond Street, London, W1X 4BT, and by mail order. Telephone: 071-491-0839.

Marilyn Bentley

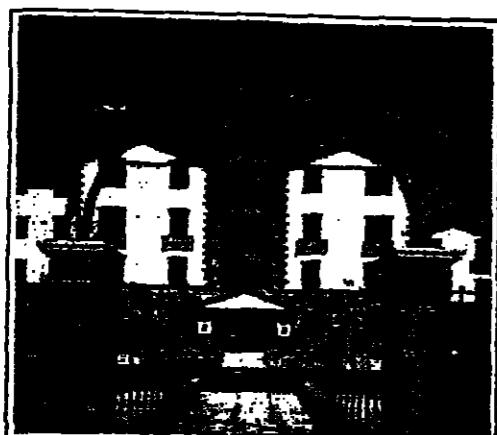
fact, I found it rather sweet – and an addition of whipped cream transports you instantly to Demel's in Vienna. For the real enthusiast, the chocolate can be reduced slowly with water, producing what is probably the closest approximation of the original drinking chocolate since Despina's first unauthorised sampling.

She would certainly have served the drink in a *chocolatiere*, a jug with a wooden pouring handle and a lid pierced by a carved wooden baton. When the chocolate is made, the baton is agitated between the palms to produce a froth, rather like cappuccino coffee. Museum collections contain magnificent examples of Sévres and Meissen *chocolatières* from the heyday of European chocolate drinking, but modern equivalents are rare. Charbonnel et Walker imports one from France (sketched below), made of white porcelain in the style of the late 18th century, which sells for £50.

In Latin America, where chocolate is still widely drunk in a concentrated, unsweetened form, the whipping is done with a *molinillo*. The name derives from the word for windmill and it consists of a wooden handle with a free-moving ring and a bulbous carved end. Something between a wooden spoon and a whisk, it aerates the chocolate without splashing it. Charbonnel et Walker imports *molinillos* of variable decorative interest. At £5.95 they make an unusual Valentine token, to keep the recipient guessing not only who sent it, but what to do with it!

The drink has an extremely rich flavour, with the faintly oily quality of pure melted chocolate and a creamy after-taste. It needs no sugar – in

fact, it's good for you.

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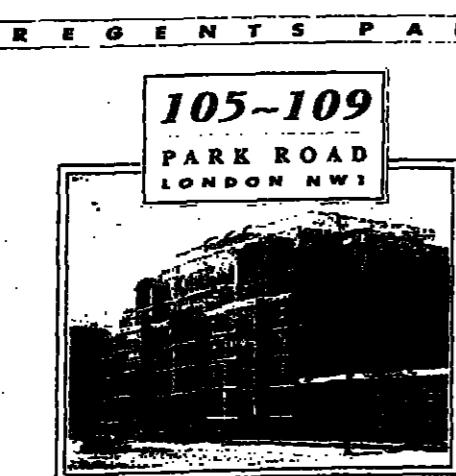
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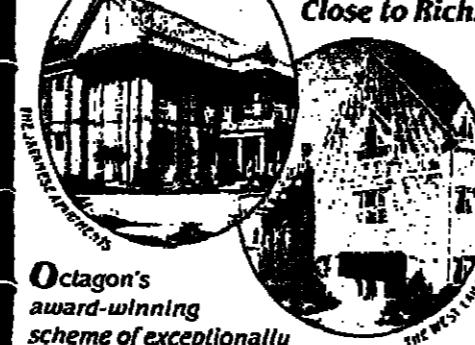
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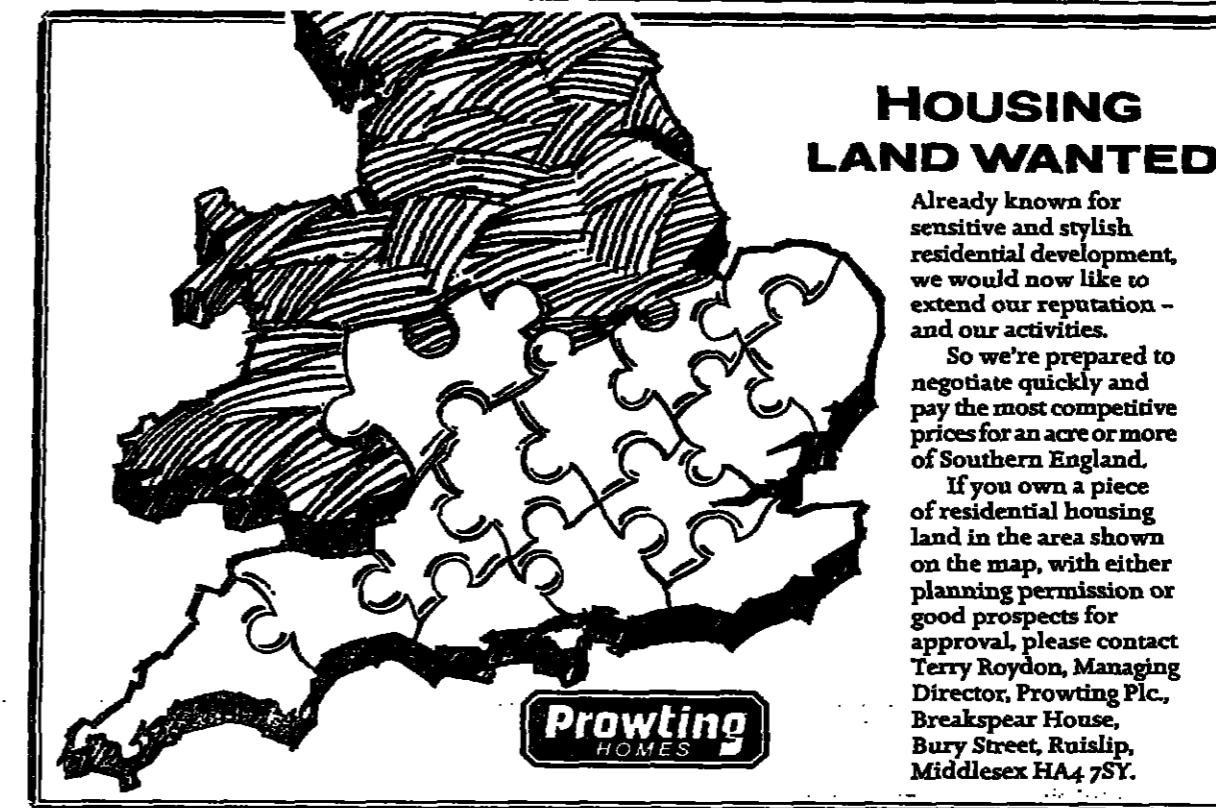
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GARDENING

THERE ARE flowers on other people's indoor azaleas and buds on the florist's gardenias. Cymbidium orchids are about to come into sprout; white jasmine in pots is a mass of young buds and the indoor hyacinths are beginning to turn sickly-sweet if you remember to plant them early last autumn.

I wish I was so organised. I can cope with bulbs for unheated houses and alpines which like an indoor temperature which amounts to marital cruelty. Otherwise, house plants are not my strong suit. For years I have been looking for the ideal indoor plant. It will not be a magnet for greenfly; it will flower for months and will not snarl for the rest of the season whenever I forget to water it. In the late 1970s the vacancy seemed to be filled: I discovered the streptocarpus and for while, it did everything right.

The streptocarpus is the plant with long green leaves and showers of blue, pink or white flowers which are usu-

A Nymph that became too constant

Robin Lane Fox reveals his off-on affair with a house plant

ally blue and very persistent. The leaves lengthen and shrink according to the amount of food which they take up: the flowers have open throats and look as if you remembered to plant them early last autumn.

They have a long season, no vices and no undue need for heat. White fly does not swarm to them and they will put up with owners who take academic holidays. I would have discovered them even sooner if I had not tried to grow them from seed, which was more difficult: I was also deterred by an old dictionary which described them as stove plants. They are nothing of the sort. They are plants for busy imbeciles. If the name is too much for you, you can call them Cape Primroses, one of their names in their native South Africa. It is the leaves, not the flowers,

which have a hint of a primrose about them.

The trouble was that in the late 1970s, almost everybody else discovered the streptocarpus too. It turned up in chain stores: we all grew the lavender form called Constant Nymph and before long, we

started to wish that she was fickle. Instead, she went on and on, flowering in every house one visited without ever setting the world on fire. Like me, she was bred in 1946, but she came from the John Innes Institute and she has done exactly what was expected of her ever since.

Once you have one Constant Nymph in the house, you soon had a whole chorus of them. If you want to increase a streptocarpus, all you have to do is to cut off a healthy young leaf in early summer and stick it, cut

end downwards, in a pot of light, open compost. So long as you keep it out of the sun, the leaf will sprout roots after a month to six weeks. Constant Nymph became constant everywhere, until many of us felt that we had had enough.

Last May, at the Chelsea Flower Show, my enthusiasm returned. Here were streptocarpuses no longer in constant blue with a few little whites and an insipid pink, but in all sizes and colours.

In North Wales, one family had taken a commercial grip on them. The place to buy a streptocarpus is Dibley Elenchyd Nurseries, Llanlilian, Ruthin LL15 2LG, North Wales. Unlike the streptocarpus, the nursery does not have a friendly second name but you must have liked them too, because they put them respectfully on the floor before looting the cupboard behind them.

At the last two Chelseas, the family went away with gold medals. In mid-March they will be starting to send out plants by post: most of them at £1.30 to £1.60 each. From one plant, you can use the leaf-trick and breed dozens for yourself.

Since Chelsea, I have had their streptocarpuses in the house: I have to hand it to their stamina. Watering has been irregular; temperatures varied wildly: whitely stripped a nearby fuchsia, but the blues, whites and purples of the streptocarpus have been growing mightily, undeterred by all, even by visiting burglars who must have liked them too, because they put them respectfully on the floor before looting the cupboard behind them.

dark purple called Elsa, my pick of the family because it looks like black velvet. My only reservation concerns some of the more way-out shades in pink and red.

None of these forms is any more difficult than the ones which we now see everywhere in dentist's waiting rooms: they are simply ten times better. The same rules apply to them: not too much water in winter, not too much heat or attention, and regular feeding with liquid fertiliser from April onwards. The plants ought to flower from May to October. If you over-water them, the leaves will probably tell you by rotting at the base: if you overfeed them, they respond by swelling absurdly in size. Like a Sensitive Plant, they react to your attention, but they are almost impossible to kill.

My only regret is that none of the new hybrids is scented. There is scent in the family, although I do not find it very strong: you can catch it in the wild forms, some of which Dibley lists, because their flowers are rather more delicate. A happy streptocarpus needs only to be treated more or less as nature treats it at home.

Most of the modern hybrids derive from parents which grow in wooded valleys in South Africa's Drakensburg mountains. They do not like too much direct sunlight or too much heat if you must stand them on a windowsill, be sure not to stand them on one facing south.

Streptocarpuses may not be gardenias, but they do not drop their buds and they do wonders for morale indoors. Dibley now lists about 35 varieties with names ranging from Carol to Tina. They really are plants for everybody, however chaotic or haphazard. The virtues are still constant, but the nymphs are now waiting there in greater force than before.

The glories of Kew, as bound in colour

THE FIRST issue of *Kew*, a quarterly magazine published by the Royal Botanic Gardens, Kew, has just arrived. It is an excellent publication and has found a previously unfilled place in the vast market for information about plants by including information on conservation, environmental problems, botany for nonprofessionals, practical gardening, cookery and reviews of new books on these and allied matters as well as answers to readers' questions.

It is well produced and illustrated in excellent colour. Its editor, Jeremy Cherfas, a *Weekend FT* contributor, devotes his first editorial to explaining why it is important on recycled paper. That is what both he and the publishers would prefer but, after a diligent search which still continues, they could not find anything that gave them the quality of printing required.

They settled for a paper made of pulp from trees grown in efficiently-managed forests. But his final word shows where his heart lies. He says: "Obviously I hope you will keep this magazine. But if you decide not to, please don't waste it, recycle it."

A second article by Cherfas comes much closer to everyday gardening: what is it that tells a plant when it is time to start growing and when to become dormant?

One tends to think of it as just a response to spring and autumn; to lengthening days and rising temperatures at one end and shortening days and

falling temperatures at the other. Yet clearly it is much more than that.

In *Cherfas's own words:* "What an snowdrop doing exposing themselves in what are usually the worst weeks of winter when is a reasonable year, there will often be snow on the ground? How do they manage to orchestrate their first appearance for almost the same week every year? In short, why do they ignore the winter?"

It takes him six well-illus-

trated papers to explain some of the answers to these and similar problems and to admit that there are still mysteries.

In Panama there is a tree called tabebuia which shortly after rainfall covers itself with yellow flowers, rapidly followed by seeds which ripen and fall. If more rain comes a few weeks later there will be another burst of flowers and seeds. Other plants in this region behave in a similar way.

Scientists have proved that a shrub named Hyacinthoides pruntfolius needs a minimum of 12 mm of water to make it flower an average eight days later. But it also needs some drought before it makes a repeat performance. Keep watering it and it will never flower.

Equally remarkable is the

story that starts with a single plant of the hardy lady's slipper orchid, the last of its kind still growing wild in Britain. Its whereabouts are only known to 10 people who form a committee devoted to its preservation and increase. The problem is that no-one knows how to make its seeds germinate and grow.

The basic problem is that all orchid seeds are so minute that they contain no reserved food. Instead they form a partnership with a fungus which contains all the materials required. However, it is a very special fungus and that is what is missing for this lady's slipper.

Mark Clements, who has been studying this problem in Australia, was brought to Kew in 1983 to continue his work on all British orchids that are at risk. Christopher Balles had already started to search for the ideal soil in which to grow the plants and Robert Young discovered the combination of conditions that the young plants required.

The first wild orchids raised by their combined efforts were planted at Wakehurst Place in West Sussex in 1987 and flowered the following year but as yet the lady's slipper is not among them. The whole story is well told by Stephanie Paine and delightfully illustrated.

There is also an article on hellebores, the hardy, or almost hardy, plants which we call Christmas roses and lenten roses, though they are not roses or in any way connected with them. A few are a little difficult but most are easy and

especially suitable for shady places. Catherine Caulfield gives a comprehensive account.

Copies of *Kew* are mailed free to all Friends of the Royal Botanic Gardens, particularly of which can be obtained from the gardens at Kew, Richmond, Surrey, TW9 3AB.

Conservationists in Hull are

concerned about an application by Hull University, to be heard in April, to build houses on a significant part of its botanic garden. If granted this will mean the destruction of the glasshouses and the dispersal of an important tropical plant collection. Particulars from Philip Swindells, Vale Lodge, Ripley, Harrogate, HG3 3AY.

Under the Act, anyone intending to keep wild boar in captivity must first obtain a licence from the local authority. This will only be granted after the veterinary surgeon retained by the local authority is satisfied that the proposed housing and fencing are sufficiently secure and generally suitable.

Another factor that makes the intentional reintroduction of wild boar unlikely is the Dangerous Wild Animals Act of 1976. This piece of legislation not only forbids the killing of wild boar, but also lays down rigorous conditions under which they may be kept in captivity.

The very expression

escape of wallabies in Derbyshire.

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intending to keep wild boar in

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TRAVEL



Papua New Guinea: will villagers' sons ever wear these headdresses?

Warriors in a world of change

Sebastian Hope explores Papua New Guinea, where modern ills are fast replacing ancient customs

I DIDN'T know if I should get off the truck or not. At the bottom of a nondescript track leading up a hill was a scene out of *Boys' Own's Darkest Africa*, the life of Livingstonia according to Hollywood, and I was not even in Africa. I was in the highlands of Papua New Guinea, the darkest corner of the other black continent, Australasia.

There was a crowd milling around 50 half-naked men, who were being made-up, oiled, crowned with tall tail and plumed headdresses. Six foot to a man, spears resting in the crook of powerful arms, chests shining, their stillness seemed a threat.

And they were looking at me.

I tried a smile, and said "Morning, man" to the nearest giant. The task through his nose did not stop him smiling, nor the spear from shaking my hand, and his trappings of savagery did nothing to disguise the urbanity of the English with which he returned my pugil greeting. I offered him a cigarette which he stuck in the corner of his mouth while his wife oiled him; as we talked, his decoration progressed.

Already the wide bark belt was being fastened to the drape of woven string in front, called a *laplap*, and the bunch of tamak leaves behind, called *orspros* (appropriate sounding, but in fact scrupulously named). His legs had a coating of ash and his arms and torso one of pungent oil.

From his neck hung a kina-board, a crescent-shaped piece of mother-of-pearl, that once served as currency, set in an oval shield of wood smeared with red clay. Most of his face was painted black - a white mask surrounded his eyes and extended down his nose to a red blob at the tip. Dressed into his beard were strands of moss.

The headdress quivered as the reddish oil was smeared on his back. It rose from an iridescent pair of bird of paradise wings above the opossum headband through pearl and bush-turkey pinions to the tall feathers of the sicklebird, sheeny black and 4ft long. It had been worn by his grandfather before the Leshy brothers, the first explorers, came to the Wangki Valley 15 years ago. Adonis, he looked every bit the paleolithic hunter-gatherer.

Much has changed in the PNG highlands since the days of prodding the white ghosts' faces with sticks, wearing empty beef tins as decoration and fear of the great pigeon that carried men in its belly. Yet at this highland singing the Stone Age seemed

alive and well.

This happy-go-lucky attitude towards money is the cause of many of Papua New Guinea's social problems. It can be witnessed in the wholesale drunkenness that infects most towns on the bi-weekly "pay Friday". It is apparent in the scroungers at the bottom of the *wantok* system who touch extended-family members in work for money, food and accommodation. Some poorer villages even make a living out of being beaten up in tribal squabbles and then extorting money for damages.

Yet this attitude cannot be dismissed, as it often is, as childish or primitive. It is a vestige of the *moga* custom, the passing of wealth from village to village as a display. But the certainty of the *moga* was that the giving would come full circle and so effect an exchange between villages.

Where the traditional barter is replaced by money, ritual becomes hollow - the beginning of a debt rather than the investment of spiritual capital. A closed system is broken.

The reaction of the large Australian companies operating in PNG to this endemic lack of money-sense merely aggravates the problems. Responsible posts, from lower management up, are filled by expatriates. This leads to a colonial tension at work which sometimes spills into violence against whites, heavily reported in the Australian press and perpetuated by the stockade mentality of most expats. Denied opportunities in business, the old career open to the nationals in a country independent in name alone is politics.

In the past, the PNG government has not been in a position to offend Australian interests. When the country became independent in 1975 the annual Australian grant made up 50 per cent of the country's budget; by 2000 it will be 10 per cent or maybe less.

Projects such as the Ok Tedi gold and copper mine should guarantee continued economic growth, but the cost of development is not just monetary. The recent violence on Bougainville island shows the resistance against central government and multinational business that the loss of tribal lands and lack of profit-sharing can cause.

That evening, as the village returned to the modern world, the headdresses were wrapped in newspaper. I wondered whether the villagers' sons would ever want to wear them, or whether highland culture would have lapsed into pointlessness and bankruptcy before they had a chance.

The headdress quivered as the reddish oil was smeared on

A year for paella and chips

Which holiday destinations are safe? David Churchill answers your queries

How safe is it to go on holiday this year?

MANY POPULAR Mediterranean destinations are well outside the area of Gulf conflict - countries such as Spain, Portugal, Yugoslavia and Greece. The risk, however, lies in potential terrorist action and that probably depends on how the war turns out.

It is the same with long-haul flights: the potential threat of another Lockerbie disaster is there, although increased airline security, such as that introduced by British Airways this week, is reputedly minimising the risks.

Which countries shouldn't I travel to?

The Foreign Office has advised British citizens not to travel to the following countries: Algeria, Bahrain, Bangladesh, Burkina Faso, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Nigeria, Pakistan, Philippines, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, Turkey (south-east), United Arab Emirates, Yemen.

In London the Foreign Office has a freephone number, 0800-468546, with recorded messages.

Cyprus has not been deemed unsafe by the FO, though most big tour operators have cancelled Cyprus holidays. Several independent tour operators still accept bookings.

What happens if my holiday is cancelled by the tour operator?

If the operator cancels your holiday because it thinks it unsafe (as many did with Cyprus), you will get a full refund. Operators are monitoring developments in the Gulf but are generally only taking decisions to cancel about a month ahead, rather than cancelling all summer bookings.

What happens if I want to cancel because my family are worried?

If you cancel you are liable for the cancellation charge as laid down by the operator in its brochure. Generally, the closer to departure you cancel, the more you have to pay. If your holiday destination is on the FO's "unsafe" list, it might be better to wait for the operator to cancel nearer the departure date so that you avoid this charge.

Could I change my holiday

What about special deals from travel agents?

Big multiple agents such as Thomas Cook, Lunn Poly and Pickfords are still offering discounts on holidays booked through them (virtually unheard of at this time of year). Because of their investment in shops and facilities, they need high-volume business to stay profitable - hence the discounts.

Will my insurance cover me?

Most travel insurance excludes any liability resulting from war and terrorist attacks if they are attributable to war.

Top-up policies can usually be arranged through your travel agent to cover war risks.

I understand that the travel trade is suffering badly from the war and recession. What happens if my travel company goes bust?

There is a real possibility of travel agents and tour operators failing on a grand scale this year. Since alone is no guarantee of survival: big companies may be just as vulnerable to high interest rates and lower demand.

The safest course is still to book with an operator or agent that has lodged a bond with

the Association of British Travel Agents (ABTA) which guarantees the return of your money if the company goes out of business. While all ABTA tour operators must have bonds, not all travel agents have bonds, so it is worth asking your agent if they are bonded.

If I delay booking, will I get a better deal?

Probably not. Tour operators will have to decide later this month how much capacity they think they can sell in the summer. This time last year they cut capacity by 20 per cent rather than be left with unsold summer holidays which they would have had to sell at giveaway prices. The strategy worked and is likely to be repeated this year with at least another 20 per cent cut in the number of packages on offer.

If demand picks up, there could be a short-term peak-period holiday. Package deals will still be available but choice will be limited.

What about independent travel packages this year?

Even before the Gulf war, more people were making their own holiday arrangements. Cross-channel ferries are likely to be heavily booked in the peak season. Although so far there is still plenty of capacity, Seafarers' charter flights, however, may be in short supply if, as

seems likely, one or more charter airlines is forced out of business before the summer.

Are there any special deals currently on offer?

Now is probably a good time to travel if you have the money,

and are prepared to take a very small risk. Most scheduled airlines have plenty of seats but are loath simply to give them away.

Specialist travel agents that offer discounted air tickets are reportedly dropping prices to customers, although they are not advertising the fact. Similarly, many top-grade hotels - especially in London and other major cities - are prepared to do deals to fill up empty rooms. It really comes down to how much you want to haggle.

By the spring, many airlines

may launch special promotions to win back business and these may be worth waiting for.

What about holidays in Britain?

Even before the Gulf war, UK

holidays were expected to do well this year because of the recession. If the conflict continues for some time, many more Britons may stay at home for their holidays; at present there is plenty of capacity at seaside resorts and holiday centres, although places like Butlins and Centre Parcs are filling fast.

What happens if the war lasts longer than expected?

The effect on the travel trade would be devastating, with many companies going out of business.

Florida, the most popular long-haul destination for Britons, is already suffering a downturn and is likely to continue to do so if the terrorist threat persists. Spain, though, is already certain to have a very good year and will probably continue to be seen as the safest place for a short-haul sunbathing holiday.

In summary, try to avoid cancellation charges; check your insurance cover; check that your operator or agent is bonded (very small travel companies can be excellent - but the risk is yours); don't count on significant discounts if you delay your booking; peak-period package choices may be quite limited; if you can handle the indignity, haggle mightily - especially with hotels and particularly with luxury ones; learn to love paella.



A Madrid tapas bar: Spain is certain to be popular again with short-haul travellers

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FINANCIAL TIMES

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What about special deals from travel agents?

Big multiple agents such as

Thomas Cook, Lunn Poly and

Pickfords are still offering dis-

counts on holidays booked

through them (virtually

unheard of at this time of

year). Because of their inves-

tment in shops and facil-

ties, they need high-volume busi-

ness to stay profitable - hence

the discounts.

Specialist tour operators that

are not ABTA members have

also organised a bonding sys-

tem through the Association of

Independent Tour Operators.

Check that your operator or

agent is bonded before you

book through them.

I understand that the travel trade is suffering badly from the war and recession. What happens if my travel company goes bust?

By and large - yes. If you feel

happier choosing a different

destination instead

itself, then you are likely to

get a better deal.

However, some operators are

letting customers change their

bookings from "unsafe" desti-

nations - even if they are for

BOOKS

Kiss of life for Planet Earth

Andrew Clements reflects on Gaia, a theory with seductive possibilities

TO THOSE OF US REARED on the hard-nosed mechanistic science that prevailed up to the mid-1970s, the new theories of the past decade have already administered more than enough shocks to our neatly ordered systems of things. The burgeoning of chaos theory has invaded almost every branch of the physical sciences; the search for a fundamental theory of matter has expanded into superstrings, twistors and ten-dimensional space; the latest ideas on astrophysics postulate that the observable universe makes up less than ten per cent of the total, while the rest, the "dark matter", is made up of unknown particles that we cannot detect or measure but is nevertheless all-pervasive.

THE REBIRTH OF NATURE: THE GREENING OF SCIENCE AND GOD
by Rupert Sheldrake
Century £14.99, 230 pages

GAIA: THE GROWTH OF AN IDEA
by Lawrence E. Joseph
Arkana £5.99, 285 pages

Yet all that is potentially of less importance to life on earth and its future than the concepts of Gaia, the bundle of interconnected ideas first put forward in the late 1970s by the British scientist James Lovelock and the US microbiologist Lynn Margulis. They propose that the Earth is a living organism, a system sustained above all by its microbial life, which modifies geological and climatic conditions on the planet to suit itself. Without life, for instance, Earth's atmosphere, like those of Venus and Mars, would be predominantly carbon dioxide with little free oxygen; photosynthesis regu-

lates its composition, keeping oxygen at the optimum level – too little and life would not be able to sustain itself, too much and there would be spontaneous conflagration – and at the same time keeping the surface temperature from rising to levels that would be equally life-threatening. In all its ramifications it is a theory that brings life and geophysical sciences together in a glorious union; its seductive possibilities are as obvious as they are implausible to neo-Darwinists wedded to the mechanisms of inheritance and natural selection.

It is the development and progressive sophistication of those Gaian ideas that Lawrence Joseph chart, in his disarmingly popular account. His research has been thorough, but the approach is relaxed,

just a little too cosy and unashamedly *parti pris*. He does, though, include material from interviews with some of Gaia's most impressive opponents, including the Oxford geneticist Richard Dawkins: "The Gaia theory thrives on an innate desire, mostly among lay people, to believe that evolution works for the good of all. Profoundly erroneous".

Nevertheless, those wishing to get on terms with Rupert Sheldrake's staggeringly ambitious theses will do well to absorb Joseph's presentation of Gaia theories first. And they would benefit too from a quick canter through *The Golden Bough*, the Christian mystics, *The Revelation of St John the Divine*, and Sheldrake's own previous books – his cross-cultural range of reference is

determined by "morphic fields". Like influences like through time and space; past individuals can shape the development of future generations through morphic resonance. Morphic fields also provide Sheldrake with a model of memory, not as a physiological property of nerve or brain cells but as resonances to which animals "tune in" as necessary. And by combining all this with Gaia, a living world that by definition must create and still be creating its own morphic fields, all the strands are pulled together, and resilience stirred into the mix too.

"We have a choice of philosophies: the mechanistic theory of nature and of human life, with God as an optional extra; or the theory of nature as alive but without God; or the theory of a living God together with living nature."

Now, through Gaia, Sheldrake suggests, humanity has the chance to make its peace with all that was abandoned for the sake of material progress two centuries ago: "As soon as we allow ourselves to think of the world as alive ... we can begin to reconnect our mental life with our own direct, intuitive experiences of nature".

That, though, is only the half of it. More than 50 years ago Einstein postulated the idea of a unified field theory, a mathematical model that would allow the four force fields of physics to be brought together in a consistent statement. Now, at a moment when theoretical physics seems close to achieving Einstein's ideal, Sheldrake moves the goalposts, proposing a field theory that would combine life, the universe – everything, even God.

In his earlier books Sheldrake pursued his hypothesis of formative causation, in which all organised systems, from the simplest molecules through to organisms and communities of organisms, were

astounding, and the synthesis of science, philosophy and religion he proposes equally mind-stretching.

The Rebirth of Nature begins with an historical critique of humanity's relationship with the Earth. Sheldrake demonstrates that until the 18th-century Enlightenment it was natural for humanity to regard the earth as living; it was assumed to have a gender (usually feminine), and a natural relationship with its inhabitants. Yet when rationalism replaced wonder in "advanced" Western thought the earth lost its animism; its processes could be explained away in mechanistic terms, its riches were there to be exploited and plundered, and past connections with the living world persisted only in the collective memory.

Now, through Gaia, Sheldrake settles for the third option, a God who has evolved in parallel with the earth he has created; the final section of his book explores the nature of mystical experience, cultural images of Gaia and the Earth, even the accuracy of prophecy and the efficacy of prayer, always offering methodologies rather than solutions.

The Rebirth of Nature is a fascinating, profoundly infuriating book crammed with unexpected ideas. It seems at times oddly unscientific – we had-fashioned mechanists were taught that viable theories should be able to explain both known experimental observations and make predictions about the results of future ones; yet most of Sheldrake's hard evidence is circumstantial. But if only ten per cent of his ideas proved to be demonstrably accurate its effect upon scientific thinking would be colossal, and the remaining dark matter would still be out there somewhere, just waiting to be quantified.



A third-century BC statue from Crete of Gaia, the Mother Goddess Earth.

Paradise lost

forest and the squalid state of all the Americas' indigenous people – both the product of Europeanisation – have been well posted. But in case there are any among us whose defences are not yet prepared, or who think that perhaps Kirkpatrick Sale has stolen a quick one and jumped on the Columbian bandwagon to farm a fast buck, it should be said that his book, written over a seven year period, is at once magnificent and important. It establishes both the eco-historical and his project.

The sweep of *The Conquest of Paradise* is very wide. The early chapters deal with the man, Columbus, and his four voyages. The later chapters take on the immediate consequences of his "discovery", which of course was not a discovery at all but a state-backed enterprise geared to bring Spain riches and dominion. Sale then goes on to examine the evolution of Columbus's largely undeserved heroic reputation, showing how it has enshrined the questionable aspirations of those who gave it him. But all of this is set

within the wider context of the pathology of a sickly continent: Europe.

In 1492 much of Europe was wracked by war and disease. In addition, great damage had been done to the natural environment. Partly this was due to European farming techniques, partly to an inherently

antagonistic attitude toward nature itself.

Yet at the same time endless wars, engulfing many West European nations, had created economic desuetude. The wars had to be financed, and the best form of finance was gold.

Gold figures mightily in Columbus's journals, and it was the promise of gold that compelled Ferdinand and Isabella to underwrite the Genoan's expeditions. Similarly, in the first quarter of the 17th century it was the idea of gold

that inspired the Virginia Company in London to send John Newport to Chesapeake Bay. Newport found no precious metals, but his voyage did result in the creation of enormous tobacco plantations. Gold, it was discovered, came in many shapes and forms, the most profitable being also the most deadly. And so began what was to become the US.

The ways of the vast majority of the many millions of tribal peoples who then inhabited North, Central and much of South America were in sharp contrast to European avarice. Organised in units for the most part no larger than villages, they lived in real proximity to nature: they had evolved a sophisticated agriculture according to which crops were intermingled on the earth, to avoid soil erosion and ensure soil enrichment.

These Indians saw themselves not above nature but as an integral part of it. They were indeed the earth's servants. As such, they, and not the sailors who braved the Atlantic storms, are the true heroes of Sale's inquiry. The

land as it was before the Columbian hordes arrived is beyond recovery, not just ecologically, but in terms of recorded history as well. By the time Europeans began showing an academic interest in American Indians, the fabric of their society had been fatally damaged not just by the invaders' arms, but also by the invaders' diseases. In the two centuries following Columbus's sailings, what remained of Indian society had probably been transformed out of all ancestral recognition.

For Sale, the Americas were not so much a world discovered, as a world destroyed. And not perhaps a world, but the world. He calls his Indians the first ecologists, and unless we can reacquire their science, then, thanks to the reaffirmation and extension of European technology, taken to frightening extremes in America, we are doomed. The Columbian legacy thus becomes, in Sale's hands, one of unmitigated disaster. In the name of commerce, and also in the name of God, entire populations and ecosystems were obliterated. There is, he suggests, nothing to celebrate except our own craven stupidity.

Justin Wintle

LOVE MAY make the world go round but, as four of this week's writers variously demonstrate, out of control or obsessive it can also put brakes on the wheels of growth, arrest and block the full development of the spirit. The puppeteer behind it is all too often Ursula Holden's steinied but skimpily tale of a dangerously tempting teenager who ensnares adoptive parents, older colleagues and friends in a tangle of inadequately examined attachment.

Harriet is taken in by Jean, a determinedly self-sufficient spinster librarian whose emotions have never been allowed off the leash. Harriet exploits and then drops her in favour of an older male colleague. Gradually Harriet's provenance and exploits are examined through the eyes of each player in turn: the key to her behaviour too facilely linked to the loveless marriage of her adoptive parents, the obsessive, repressed timidity of the mother, the dubious games of the father. Her dependencies are contrasted with streetwise toughness of her long lost twin

who appears, unconvincingly towards the end of the book, to nurse Harriet after the King's Cross fire. In spite of generous circumstantial detailing, the book is a case study rather than a call from the heart.

Tauter and starker is Elisabeth Danziger's bleak, spare narrative of the last days of Elizabeth Danziger, an apparently unremarkable middle-aged woman who comes as every year, to a Danish island for her holiday in a country house hotel in which she lived before the War. She has survived concentration camp and the Nazi murder of her love child by keeping an obsessive tryst with the memory of her cousin lover; she re-examines the island in minute detail every year, just as she re-examines their love and celebrates their joint belief in the transcendental values in all creation.

But scrutiny does not bring relief: the obsession remains. Only by isolating and immersing herself in distance from others is there any existence for her at all. In the end, her obsession is confronted and

shattered in a daring piece of plotting which just about comes off. It is a haunting, beautifully written lament for the isolating power of love: the wind blown, lippid northern landscape exactly defining the desecration of the wandering soul which haunts it.

Charles Palliser has hit on his hands with *The Quincunx* two years ago, but *The Sensationist* manages to be both sparse and overblown, its portentousness overwhelmed by some shattering banalities: "Until he believed, he'd never made love. Never known the finding of self in the unawareness of self, the celebration of something beyond the pleasure of receiving..." When one finds goblets like this in the gloomy, doomy macho pie, one looks for more nourishing fare.

Jane Rawlinson's generous Victorian pastiche is about as far removed as can be from Palliser's nervy, edgy spareness.

In her fictionalised account of the life of Richard Dadd, the 19th century painter, obsession becomes full blown madness. The affecting story of the Dadd family, most of whom died insane, is told by Elizabeth Carter, their childhood friend, whose love for Richard is doomed after he kills his father and is confined to Bedlam. She marries a decent quiet man, has a family, grows old. But side by side with her account of Dadd's tragedy there is her own. At the end of her story, she realises that, for one brief moment, Richard

Until, that is, he becomes

enmeshed in an obsessive affair with a girl whose feelings and moral sensibilities are as distasteful as his own. Their drift apart, come together again violently, drift apart. Only when she succumbs to drugs and madness is he free, as blank and cipher-like as he started. It is an uncomfortable fable, chillingly told in sound bites of passionless prose which accentuate the distance between the sensationalist and the rest of the world.

The suffocating, tacky quality of obsession is disturbing but the power of this effect is too often sidelined by some shattering banalities: "Until he believed, he'd never made love. Never known the finding of self in the unawareness of self, the celebration of something beyond the pleasure of receiving..." When one finds goblets like this in the gloomy, doomy macho pie, one looks for more nourishing fare.

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is still there, still in love with

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This writer manages to make

that most difficult and trying



The poet with the Woolwich

published an impressive number of volumes, novels, poetry, memoirs. Both sides of his career were reflected in 1948, *Epitaphs and Occasions*, a book of poems, and *Questions and Answers in Building Society Law and Practice*.

Fuller's new volume of autobiography, *Sparrow and Pen*, begins as it is fitting himself out in 1946 from a tailor's shop in Shaftesbury Avenue. If Fuller ever found it frustrating to have to divide his time between his two professions, he does not show it in this book which is notable for the sense of quiet acceptance of whatever post-war life had to offer as he explains here – exchanged his naval uniform in 1946 for a couple of civilian suits appropriate for a solicitor employed by a Building Society. That had been Fuller's job before the war and as soon as he was released he went back to work at the Woolwich Equitable. Fuller was with the Woolwich for nearly 50 years. In 1969 he retired as the society's Solicitor to join the Woolwich board.

The poet celebrates his 70th birthday on Monday. In the course of a busy life, Fuller has

published a new book of poems, *Stares*, set in a private mental clinic beside a lake in the English countryside. Like two earlier Fuller novels, *The Ruined Boys* and *Image of a Society* (both Hogarth paperbacks), this one probes the complex structure of an English institution. Here the inmates all have a history of trauma, including the actor who tells the story. He is arranging a reading of *The Seagull* by the patients. Fuller has fun updating Chekhov, showing how most of the patients are driven to spontaneous confessions which help to rehabilitate them. Like everything Fuller writes, the novel is full of wisdom, clarity and irony.

Anthony Curtis

dried elephant's penis in the dorm at prep school ("a cry for help"), the efforts at seducing a girl in the meat-market, the incomparable housekeeper who is spying for Moscow.

Why, then, did I want to hunt the novel on the floor and jump up and down on it? Perhaps because it makes me think of flying wall ducks: it reveals in the ghastliness of English petty-bourgeois life, but at the same time it invites the reader to admit how superior he is.

For those who enjoy Westerns and revel in the less salubrious side of life on the frontier, Larry McMurtry's *Buffalo Girls* will be a treat. It was captivated at the start by the description of a wild prairie dog being skinned and cooked while two old cowboys debated whether it was diseased or fit to eat: it was further taken with No-Ears, an old Indian who can't smell storms and whose ears were cut off when he was a baby. But this is not the Wild West in its glory. This is the West after Custer's Last Stand, the days of buffalo herds and roaming Sioux. This is the time when the cowboys who tamed the West were brought face-to-face with their victory and discovered all they had lost. This, in short, is the time when the last remnants of the Wild West – Sitting Bull, Annie Oakley and the rest – were scooped up and taken off to John Buffalo Bill's touring circus show, which travelled as far as London.

The heroine is Calamity Jane, the famous cowgirl and hoyden, now a tired old spinster, but, although the novel is a poignant recollection of the glory days, it is never sentimental and is often moving.

Melanie McDonagh

Fiction

Obsessive about love

HELP ME PLEASE
by Ursula Holden
Methuen £13.99, 186 pages

TOMORROW
by Elisabeth Russell
*Taylor
Peter Owen, £13.50, 136 pages*

THE SENSATIONIST
by Charles Palliser
Jonathan Cape £11.99, 186 pages

PARADISE OF FOOLS
by Jane Rawlinson
André Deutsch £13.99, 253 pages

the fat woman next door is pregnant
by Michel Tremblay
Serpent's Tail £7.99, 204 pages

A SMOKING DOT IN THE DISTANCE
by Ivor Gould
Sinclair-Stevenson £14.95, 497 pages

BUFFALO GIRLS
by Larry McMurtry
Century £13.99, 350 pages

Dadd captured her true imaginary soul in his painting of her, was frightened off by the intensity of her love for him and asserted his artistic independence, while she in her weakness and dependency... suffered its hold for nearly seven years."

This writer manages to make

that most difficult and trying

experience of her life.

She realises that, for

one brief moment, Richard

is still there, still in love with

her, still in need of her.

This writer manages to make

that most difficult and trying

experience of her life.

ARTS



Ravishing: Irak Mukhamedov and Darcey Bussell as Masha and Vasilin

Chekhov in ballet shoes

Clement Crisp hails MacMillan's new work for the Royal Ballet, 'Winter Dreams'

TO SAY that *Winter Dreams*, Kenneth MacMillan's new one-act ballet which had its first performance on Thursday night, is based on Chekhov's *Three Sisters* is to tell only a small part of the truth. (Something, of course, in which critics are notoriously expert.) Using the play's incidents and characters as pretext, and also as pre-text, MacMillan proposes a sequence of short scenes which study the emotions and social setting of the Chezorov sisters. The attraction for MacMillan must have been to observe the erosion of every kind of joy and of social order - an undercurrent in his work from such early pieces as *The Burrow* up to *The Prince of the Pagodas* - and in *Three Sisters* he has found themes dear to his creative heart.

The structure of *Winter Dreams* is daring. Peter Farmer's imaginative - and economical - design shows a backstage dinner party hidden from us by a gauzy curtain painted with birch trees. Through the curtain we are aware of the family's social life as background to the inner conflicts and dramas which are played out on the main stage area. The scenes are brief - the most extended is the grand farewell duet (for

Darcey Bussell and Irak Mukhamedov as Masha and Vasilin) which was created last year and sparked off this present larger work.

With movement as daringly perceptive as anything he has done before, MacMillan dips into the play, analysing personalities, motives, scenes of real life and scenes of emotional fantasy, so that at the last we have a picture as persuasive as Chekhov's - of a provincial society in crisis, and of characters facing the destruction of their lives and of their dearest hopes. Their winter dreams are no bulwark against the disillusion that gradually erodes every relationship.

If in the succession of sketches that explore the characters, as in the superlative cameo-playing by the cast, there are sudden memories of *Enigma Variations*, we are far from cosy Worcestershire. These men and women are, except for the dreadful Natasha (an iconically true portrait from Genesis Rostrop), prey to despair. The sisters are beautifully drawn by the compassionate Nicola Tranah, by the imprisoned Darcey Bussell - love for Vasilin and a delicate revulsion against her husband are no less good.

As musical text MacMillan has turned to Chaikovsky, whose piano pieces and song transcriptions (chosen and admirably played on stage by Philip Gammon) echo the melancholy and fitful poignancy of the action. There is also a guitar ensemble - like the pianist, cleverly integrated into the half-

seen interior of the Prozorov house - which plays traditional Russian music. Of course, *Winter Dreams* must inevitably depend upon the qualities of its Masha and Vasilin, whose feelings fire the most obviously spectacular - and spectacularly well-done - choreography in the piece. Darcey Bussell lets no shift of feeling escape her, from joy in love to despair in marriage, and her physical presence is ravishing. Mukhamedov's inscrutable husband MacMillan has devised a gestural language as innovative as anything he has shown us since Peter Hall's grief at the death of the children in *Festivale*. Semaphoring his anguish in quick, nervously abrupt movement, riven with his inadequacies, this portrait of Kulyagin is as searing as Chekhov's, and is superbly done by Dowell. As a pendant, there is also a drunken scene for Dr Cherbukin in which Derek Rencher brilliantly treads the Chekhovian tightrope between tragedy and comedy. Other performances - Gary Avis as the weakling Andrei; Adam Cooper as Solyony - are no less good.

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with the action. Towards the end there is the sound of something like a Jaguar coming up the drive of a country house as Bassanio returns home. "I hear his trumpet," says Lorenzo on the peeping of the horn.

Staying to the text means that there are limits on how far it is possible to present Shylock as a sympathetic figure, more sinned against than sinning. He does, after all, demand his pound of flesh, is obsessed by money and has some harsh things to say about his daughter when she elopes. On the other hand, the Christians are a pretty sanctimonious lot. Tim Luscombe's direction goes so far as it reasonably can to suggest that not all the vices are on Shylock's side, but still, unavoidably leaves the Christians themselves overpleased with themselves.

One way of casting doubt on the Christian claim to virtue is to play down Portia's "quality of mercy" speech. That is done very effectively. This Portia is not dispensing heavenly wisdom. She will use any device she can and thoroughly enjoys doing so, just like Volpone. One can see why the English Shakespeare Company chose to put on the two plays in tandem. It is not just the Venetian connection: they have other factors in common.

Malcolm Rutherford

Shylock in Hammersmith



John Woodvine in the English Shakespeare Company's production of 'The Merchant of Venice' Alastair Muir

her name in the first place. This detail alone is a superb example of English social snobbery.

Jessica's attraction to Lorenzo is heavily sexual, and vice versa. The beginning of Act V, the scene which begins "The moon shines bright, in such a night as this . . .", the pair of them romp and roll around the lawn swapping classical allusions like a couple of undergraduates at a English summer

hall, or lovers from a Noel Coward play. Apart from the court scene, the dress is generally white tie, or at least dinner jackets.

The relationship between Portia and her maid Nerissa is much more flirtatious than usual. There is a kind of complicity in it similar to that between Volpone and Mosca in the English Shakespeare's other production. Nerissa, played by Lolli Susi, in the

older woman. She falls for the younger man. Portia (Lols Harvey) smokes cigarettes and drinks champagne while her early suitors fail to find the right key to the chest. This rather tedious business in Shakespeare's play is correctly played down as the women camp it up between them-selves.

The production sticks faithfully to the literal text while taking some joyous liberties

there was a worryingly high yawn quotient. As your ear adjusted to the easy brilliance, the eyes wandered around the engrossed audience, swinging suburbia's finest, to see how they were adapting to the enigma: you do not expect flamboyant showmanship from Clapton, but it is bizarre that such tingling sounds, such disturbing manic echoes, the musical equivalent of Munch's "The Scream", should come from a silent, static, suited decent bloke. Perhaps he will unwind a little on the nights given over to the blues, the genre where his innate melancholy best matches his musical prowess.

Antony Thorncroft

Clapton hits town

to lock out the present and become mechanical rituals for the Elect.

There were plenty of middle-aged inhibitions being shaken loose on the opening night of an unprecedently 24 concert residency. One trainee solicitor was so sensationally ungainly in his movements as he jiggled along that a lighting man lingered a spotlights over his embarrassment. This was the "then" generation shaking its wattle, confident that since Cream and Blind Faith rock music had gone steadily downhill.

Clapton serves his public well. Nothing has changed from a year ago - same black suit, same long brown hair, same backing trio, with a millionaire (Phil Collins) on drums just to show what kind of circles we are moving in, and basically the same songs. It is like consuming at one sitting a favourite chocolate selection. Here comes "Wonderful Tonight" and all the romantics in the audience shiver for four minutes; what about "Knocking on Heaven's door" so we can join in one of the most mesmeric choruses in

SOME CRITICS have never forgiven Eric Clapton for living. Drugs and drink should have killed him off years ago, enabling him to be a nice safe icon, like Jimi Hendrix, who passed on 21 years ago when an ability to make the electric guitar sound like the strident voice of youth guaranteed cult status.

Instead Clapton turns up at the Albert Hall year after year with the regularity of the *Messiah* and the Mother's Union, giving pleasure to ageing thousands. A check on his audience suggests that the Hall should double its order of St John's Ambulance helpers, just in case. That's the trouble with annual reunions - they tend

to lock out the present and become mechanical rituals for the Elect.

There were plenty of middle-aged inhibitions being shaken loose on the opening night of an unprecedently 24 concert residency. One trainee solicitor was so sensationally ungainly in his movements as he jiggled along that a lighting man lingered a spotlights over his embarrassment. This was the "then" generation shaking its wattle, confident that since Cream and Blind Faith rock music had gone steadily downhill.

I think of Radio 4's *File on Four* as the radio version of, as it were, *Panorama*, where items of public importance are given solid attention. Last Tuesday's edition, entitled *House of Cards*, was not, alas, connected with the fine recent BBC television play, but was a documentary in which Christopher Hird discussed such principles as off-balance-sheet accounting. He paid special attention to the construction firm of Rush and Tompkins, who collapsed in April last year, and to the accounting methods of the Rosehaugh group. I was very much interested, but the subject is not, frankly, within my critical repertoire.

A *Shameless Affair*, adapted from Klima's novel by Nigel Garside, was also set in Prague about 1968. It seems at first simply a romantic tale. David, a successful biologist, falls in love with Iva, a worthless girl (picked up at a funeral, of all places!). He drifts into heratty world and so wrecks his own home. In the poignant but not specially inventive story, however, there is an implied political allegory.

Ivan Bellman's play, *Panorama*, represents the new way of life that came in with the Russian tanks; David (Stephen Moore, admirable as always) stands for post-war Czech life, as respectable as the folk in *Games* (he wins a Nobel award for biology), but in danger of trouble when he wants that little bit extra. Peter Kavanagh directed.

Radio 3's Sunday play went out at about the same time as Radio 4's *Diary of a Madman*, interestingly played by Kenneth Williams. It was good to

be reminded that Williams was such a good actor in serious

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متحف الأهرام

WHEN MARILYN Quayle had to choose a "special interest" upon which she would bestow her patronage as wife of the American Vice President, she packed "Natural Disasters". Bearing this in mind, it came as something of a surprise when it was announced that she would be this year's Honorary Chairman of that most prestigious art happening: the New York Winter Antiques Show. It is true that this venerable 37-year-old event has attracted its share of controversy over the years — and not least this year when its Chairman of 17 years standing, Mario Buatto, resigned in a huff just a month before the January opening — but not many people would go so far as to think of the Show as "a Natural Disaster".

Who could have predicted, though, what mishap Mrs Q would bring in her wake when she was guest of honour at the \$600-ticket Benefactors' Tea that marked the opening of the Show? Just she was waiting down fruitless with a cup of Earl Grey, there arrived two New York City sheriffs, a party of removal men, a lawyer, and an uninvited part-time dealer breaching a State Supreme Court Order. This authorised him to remove (in settlement of a debt) \$148,000 worth of goods from the stand of Washington dealers in English furniture, Fleming & Meers, and before one could say "Thomas Chippendale" a gilt mirror with a price tag of \$265,000 was whisked from the wall.

This is not the sort of thing one expects at such an event and, not surprisingly, the organisers of the Winter Antiques Show are thinking of running credit checks on exhibitors at future shows up to this year it has just been the antiques that they have talked about vetting for authenticity. Vetting — a review procedure which ensures that everything on sale is genuine — is common practice at European antique fairs but until the debut of the (vetted) International Antique Dealers Show in New York in 1989 it was regarded with suspicion — and resisted — by American dealers. The IADS was however so successful that exhibitors at the Winter Antiques Show are now clamouring to be vetted: because the process was "postponed" this year by the sponsors of the event, Mario Buatto



Landscape of Amoy (Kamen): one of the China Trade paintings exhibited by Martyn Gregory of London

'Natural disaster' averted

Homan Potterton visits the New York Winter Antiques Show

resigned.

The Winter Antiques Show used to be confined to American dealers only and over the years it gained a reputation as a decorators' show rather than serious antiques fair. This upset some of the better dealers and when the International Antique Dealers' Show came along, 19 transferred their allegiance there. As a result 19 new exhibitors were admitted to this year's Winter Antiques Show, the ban on non-Americans was lifted, and the event promised to be, in the words of departing chairman Buatto "the most outstanding show ever."

And was it? There were certainly some very special pieces on offer: Carlton Hobbs from the Pimlico Road (exhibiting for the first time) had a George II Library Desk (possibly by William Wilke) which, with a price tag of \$2.8m, was the most expensive in the show: it failed to sell. G K S Bush of Washington had an American painted table by John Finlay of Baltimore (c 1825) that is part

of a celebrated suite of furniture. At \$260,000 it, too, failed to find a buyer. Some of the other new dealers also had choice pickings. Martyn Gregory of London, who specialises in China Trade Paintings, had a very decorative group of 12 scenes illustrating the manufacture of porcelain dating from 1790. They were priced at \$110,000 for the set. Not surprisingly Gregory was also showing paintings with a specific American interest: an early 19th century view of that favourite China Trade subject, the Western Factories at Canton, included an American flag. It was \$17,000 while a picture of the American Clipper ship "Roscius" of Hong Kong was \$45,000. Another newcomer, Kenneth Rendell, a New York dealer in autograph letter and manuscripts, had a fascinating exhibit which included a letter by Rubens (\$65,000) an autographed list of his personal accounts by Michelangelo (\$200,000), a signed document by Elizabeth I approving the names of the Knights of

Wilkes in 1732: a coffee pot by the founder of \$35,000 and a collection of 51 letters by Napoleon (\$200,000). All of these rarities remained unsold and the top sale at this booth was a set of letters by every American President from George to George for \$375,000. Rendell was shabbled by the amount of business which the show brought in but noticed that there were few impulse buyers and that the cheaper items were most popular: an experience that was shared by many other dealers.

There was a strong emphasis on good silver and English silver was very well represented. Argentum: The Leopard's Head from San Francisco had some fabulous pieces including a London tiger-ware jug dating from 1598 (\$45,000), two George II London silver-gilt candelabra, and a pair of Dublin salts of 1746 that were as large as soup bowls (\$8,000). Garrard of London (at the show for the second year) had an entire show case of silver which had been made by their firm since its establishment by George

its was certainly not a disaster, so come back, Marilyn!

Dangerous play with collages

THE YOUNG, like the poor, are always with us, and no less demanding of attention. An interest in fresh and burgeoning talent is natural enough, but we should not let it obscure mature or less demonstrative achievement. Stephen Farthing now at the Edward Totoh Gallery (3 Old Burlington Street W1, until March 2), is not at all old but at 40 or so is already a figure of the art establishment. Ex RCA and Rome Scholar of the mid 1970s and now principal of the Ruskin School at Oxford, he has followed the too-well-trodden path that diverts the artist by the promise of professional security in exchange for time and creative energy committed to teaching rather than to art.

But Farthing has always continued with his own work and shown at regular intervals. This latest batch falls into two distinct groups, not altogether unrelated: six large canopies in the upper room, and three extended series of collages below. His prints have long had a quality of collage to it, in the sense of imagery overlaid and set in dislocated contexts, with odd shifts of scale and space. So it is here, with what might be bird's-eye views over airport or city, described in Farthing's almost perfunctory notation, redolent of cartoon and comic strip, with large,

strange beasts and objects hovering in the sky: a knowing and sophisticated double-take. The collages by contrast are the more straight-forward, more obviously handsome and visually attractive, though making the same play with ambiguities of space and scale. Collage is a dangerous and equivocal medium, at once easy to command and much more difficult than might appear. Here Farthing has worked up material brought back from recent journeys through Mexico, Brazil and Uruguay, adding text, paint and extraneous imagery to his own photographic base. He carries it all off with a fine accomplishment, each series rich in formal variety, improvisation and visual wit, that amounts to an absorbing personal dossier and record.

And yet does a certain doubt creep in behind it all? Is the relentless ease of statement just a shade too easy, the effect too glib, potent and self-assured? Perhaps, but, if so, the effect is one more relative than absolute, more of choice of medium than of any final resolution. Mildly sceptical perhaps, we find ourselves looking forward nonetheless to the paintings to come, their corners, joints and edges celebrating the most unexpected angles. If it is a kind of dance, the latest work is become somewhat

the Mayor Gallery (22a Cork Street W1, until March 15), also taught for many years, but escaped in the late 1970s, ostensibly to spend a year in New York, where he has been living and working ever since. But he was never the sort of artist to do anything but to follow his work through the natural, steady course of its development, and there has been no dramatic sea-change, these reliefs, the earliest dating from 1984, immediately recognisable as his.

His forms are deceptively simple, the surfaces unmodulated but for their immaculate physical working, the wood of the earlier pieces painted and sanded-down, the later with pigment softly spread, thinning and thickening within the smooth, hornet-like epoxy resin of which they are made. The initial impression is of a pastel, elegant, even bland minimalism, but then, almost insistently, an inherent energy quietly begins to declare itself, and suddenly it is borne in on us that these things are active indeed. The planes fold in on themselves and then spring away, teasing the imagination by the convolutions in the interior spaces they suggest or conceal, their corners, joints and edges celebrating the most unexpected angles. If all its reincarnations in the 1980s. The sad news now is



'Trotsky on my mind', 1990: one of Stephen Farthing's Mexican collages currently at the Edward Totoh Gallery

more open in its physical presence, the planes pierced and rounded, but the essential dynamic complexity remains. Evans was one of the first to join the Royal stable of artists, brought together by Alex Gorodz-Hood in the early 1980s. With new additions over the years, that group has remained remarkably constant to the gallery, steadily through all its reincarnations in the 1980s. The sad news now is

William Packer

Foreigners to wield the gavel in France

LONG AWAITED measures allowing foreign auctioneers to practice in France and changes in the status of the country's 440 auctioneers, whose venerable profession as "ministerially appointed officers" which goes back to royal decree of 1552, have been announced in Paris. But the results do not give entire satisfaction to either British auction houses wanting to work in France or to the country's most ambitious companies who would welcome such competition. Further changes are expected over the next two years and Sotheby's, who at present prospect in France but may not hold houses, consider even the new tests constitute a constraint of trade which they will fight through official channels in Brussels.

The French have done the minimum to conform with the Treaty of Rome. They see that by opening the profession to foreigners who will have to conform to certain requirements will shut Brussels up. It's very much a half way house. But they can't stop the

tide" said Julian Barran, head of Sotheby's in Paris.

The end to French auctioneers' national monopoly came with a decree which imposes conditions on foreign auctioneers, including possession of a university degree; two years' professional experience; and success in the qualifying exam in artistry similar to that set by French colleagues. But most importantly it will still be impossible for outside competitors to hold capital in a French firm.

"To push in now would be folly. I am quite happy for the time being with the £25m business we did in Monte Carlo last year. I have a strong French clientele and sell most of my big pieces to French buyers. Of course it would be lovely to work in Paris. The city deserves to take off as an art market centre the way New York has done and they can't do it without Sotheby's and Christie's" Julian Barran said.

François Curial, managing director of Christie's France and Europe, was cautiously optimistic. "I'm not at all

alarmed by the practical measures included in the decree, and I do now see a light at the end of the tunnel whereas six months ago I was much more pessimistic. Problems are being tackled one by one. Paris isn't ready for us straightaway but I like what I see and hear. We are very flexible and very keen

The French auctioneers' national monopoly has come to an end, reports Nicholas Powell

to set up. And there's nothing magical about the date January 1 1993 — things could happen a year or two after that he said.

Jacques Tajan of France's second largest auction house Aden Picard Tajan was more categorical. "We have created complicated tests and prevented foreigners from coming in for the past ten years. But the profession does not need

all the diplomas they demand" he said.

At a recent meeting in Paris, meanwhile, the grandly entitled Etats généraux (States general) summoned after the French auctioneers' annual congress in Deauville last Autumn, ended in a shambles of internal wrangling. The profession voted by a small majority to streamline the way it works. Most importantly, it voted to help simplify restrictions on the movement of works of art by introducing a "export certificate", to bring a complex sliding scale of buyer premiums into line with the British system; and to end the regional monopolies whereby an auctioneer can only practice on his home patch.

Its conclusions, which will be discussed with the Ministry of Justice later this month before becoming law, revealed a deep divisions between a majority of smaller auctioneers anxious to dig in behind their privileges, and a handful of prosperous Paris firms who want a purely commercial sta-

tus and welcome the prospect of foreign competition. Sotheby's hope such conflicts will help open the way for them.

Paris's Droout salerooms representing the 64 companies in the capital, which last week announced record sales of Fr5.4bn for 1990, are also putting their house in order. Chairman Joel Millon has announced he will be purging the salerooms of low quality auctions, which give them such a jumble sale atmosphere, next September. The additional space, he said, will help accommodate auctioneers from outside Paris and from late 1993 they will also be able to work in 25,000 sq ft of premises being renovated near the Champs Elysées.

While Sotheby's and Christie's wait in the wings, Joel Millon believes France's auctioneers should consolidate their own system and be proud of it. "Our strength is our lack of unity but if we are united we are strong. If we reform our profession ourselves we have nothing to be worried about" he said.

Cravillot should offer her services to *The Cosby Show*.

Claire Armitstead

Protectors of the arts

The Arts Council chief must feel like the head of the fire brigade, says Antony Thorncroft

SECRETARY general of the Arts Council, Mr Anthony Everitt, must often feel like the head of a fire brigade, constantly dashing out to douse down emergency blazes at arts companies, most of which turn out to be hoax calls. Despite the headlines, very few well-rooted arts organisations in the UK disappear in a puff of smoke.

Last week Welsh National Opera got the quick hose down, incensed by the generosity shown to rivals like Opera North, and facing a loss this year, it announced it was calling it a day on July 1 unless more subsidy was forthcoming. Mr Everitt found the money, almost £300,000, most of it coming from the Arts Council's

rate-capped local authorities will lead to real cuts in arts funding from this sector, a sector which collectively spends around £200m a year, as much as the Arts Council. In 1990, for all the huffing and puffing, the town halls stood by the arts. This year they could crack.

The first blaze is in Liverpool where the Playhouse Theatre has passed into the hands of an insolvent expert, Frank Taylor. The Arts Council is taking a tough line on the Playhouse. Its policy on regional theatres is that they should be subsidised on a fifty-fifty basis, by the Council and local authorities.

The Council has promised the Playhouse £227,500 for 1991-92, five times the contribution of the local authority, which while under Militant control, was actually ceasing budget.

But then an odd thing happened. The Welsh Minister, Mr David Hunt, announced on the same day that he was wiping off WNO's accumulated deficit of over £200,000. Obviously there is a General Election on the horizon for the Arts Council's

will actually cease trading. For theatres there will be a diet of safer plays with smaller casts and more rudimentary sets, and perhaps the odd dark period; for dance troupes there will be shorter tours, and for musical groups, little imaginative shows, taking what they are offered or relying on basement stocks.

Quite naturally arts organisations threatened with contraction, or extinction, make a great deal of noise: often their lobbying pays off. Tara Arts had its grant from Wandsworth cut but the outcry brought more support from the Arts Council. The music scene certainly caught the Council on the hop.

The new Minister for the Arts, Mr Tim Reuter, lobbied

on behalf of the WNO and is proving an energetic player in the game. He is prepared to overrule the decisions of his predecessor, David Mellor, who in his few weeks as Arts Minister enjoyed stirring things up. This could cause problems since Mellor, now at the Treasury, would have the final word if Reuter wants to raise extra Government funding for the arts.

But it cannot be a bad thing if there is rivalry, good natured or otherwise, between Mellor, Hunt, Everitt, to say nothing of the Council's hands-on chairman, Lord Palumbo, all anxious to be seen as the protector of the arts. For at a superficial level, least the arts will need all the friends it can get in 1991.

The financial pressure on

bourgeois diversion and froze funding.

The Arts Council hopes that the more moderate Labour regime now running Liverpool will increase its aid but the financial crisis gripping the City makes this uncertain. The Playhouse could be the first casualty of the Arts Council's new, thinly veiled, policy of being tougher in its decisions, and dropping arts organisations which do not meet the highest artistic standards.

It is trying to stick rigidly to its policy of joint, but equal funding, arguing that if the local councils do not think an arts organisation is worth supporting then it cannot amount to much. The Council's

policy will be tested if theatres like the Bristol Old Vic run into difficulties: Bristol and Avon councils rallied round last year but a real financial crisis could sink their good intentions. York Theatre Royal and the Sheffield Lyceum opened their doors.

Dance companies are

springing up all over the country and in the past three years Adzido, Shohana Ieyashige, Jokuma and Green Candle have received regular Arts Council help. In music Birmingham Contemporary Music Group has arrived on the scene, and both the Society for the Promotion of New Music and the Sonic Arts Network have enjoyed massive rises in Arts Council funding.

1991 might well be tough year for the arts, with a real reduction in artistic enterprise.

At last some of the walking wounded may give up the struggle. But the amount of artistic activity in the country has never been greater, and with the Arts Council vigorously pursuing a policy of funding selective excellence, some of it should be quite good.

Chess No.859:
1 Bg5 (threat 2 Qd8) If 0-0-2
Bd8, or Kf8 (or Bd7) 2 Qxb8. Not
1 Bg5? Kf8.

Rape on the menu

IF YOU cross feminist fantasy with television sitcom this is what you get: a couple of angry young women who are unable to get their act together, as much due to limitations of genre as to any personal incapacity.

Darlene Cravillot, an American writer, wraps this film comedy around the question of whether two women can commit rape.

In their attempt to provide an affirmative answer, a couple of smug flatmates kidnap a hapless pizza delivery man. Good idea.

There is a moment in the second act of *The Pizza Man*, currently at the New End Theatre NW3, when the waving of a pair of pinking shears over the bound and gagged body of the recumbent doughball causes the audience to fear, and the other half to hope for, an interesting turn in events.

Unfortunately this is theatre without a cutting edge, either in form or substance. Translate the same scenario into farce and it could be a very different story, but nobody writes farces for women.

The influence of television is all-pervasive, both in the writing and in Sue Sybil's direction, which flatters unobjectionably along on gusts of verbal humour exchanged by two able and attractive actresses, neither of whom seem the sort to take life lying down.

Debbie Arnold glowers her way into the personality of Julie, divorcee and deviser of tortures for married men, while Jaclyn Mendoza turns in a nicely complementary performance as Alice, off-the-wall Jewish foodaholic, Victor McGuire appropriately enough, of *Broadway* fame, is physically ideal for the war veteran who's turned pizza man, and rises to a doughty mix of braggadocio and bemusement in a comedy which is basically far too nice for its own good.

Cravillot should offer her services to *The Cosby Show*.

Claire Armitstead

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A WILLOWY figure encased in shiny black silk, tight round the hips, square at the shoulders and slashed down the front. She must be nearly six feet tall in her high heels. Jane Glover cuts quite a dash as she takes the podium and launches into an energetic performance of a late Mozart symphony. She almost dances it, her knees bent, body swaying and long arm whipping the baton to every beat.

Miss Glover knows that she makes an impression and admits that she loves the dressing up bit of her job. But that is about the only concession she will make to public curiosity about her, a rare female in a male domain.

On television, which brought her into the public eye, she always seemed to me rather severe and schoolmarmish. In real life she is more engaging, more of the jolly bessie, and (dare I say it?) prettier.

But behind those frank and intelligent eyes is a wary, cool creature. She is tightfisted with her thoughts on any but the most innocuous topic. Step across the invisible line and you walk from sunshine into frosty night.

This being Mozart's year, I fished for her feelings about the composer she is most identified with as artistic director of the London Mozart Players. Did she like the man behind the music?

"Yes, I mean, I sort of love him. Having said that, I would certainly have loved to have met him, but I think he would have been incredibly intimidating and I would have been rather daunted by him. Though I think we would have had a great deal of fun. Do you know what I mean?"

"He is an immensely lovable person. But, as you read constantly in the letters, he doesn't suffice fools gladly. He was very contemptuous of other musicians. I suppose that's why I think I might be frightened of him. He found almost every other musician inadequate, with the possible exception of Haydn."

The language may be reminiscent of the hockey field but the enthusiasm is real. "There is this immense appeal about this chap who survived all those extraordinary ups and downs, that extraordinary childhood being paraded around Europe by his father. Who, you know, desperately tried to be a normal chap, while fighting parental control on the one hand and prejudice on the other - and in a way his own talent on the other."

Jane Glover is even more glowing about Mozart's mentor. "Haydn I absolutely adore. There is a totally lovable man, absolutely stuffed with generosity of spirit. Never had a bad word to say about anybody. Had a great sense of humour. Marvellous musician. One would have been just swept up in the warmth."

Like all serious students of the pre-Romantic age (her research subjects at Oxford were Cavalli and Monteverdi) Glover agrees you can't read the composer's private life in the notes he writes on the stave.

"All sorts of appalling things happened to Mozart from the time his mother died. And there is no reflection of that in the music at all. The fact that he left this girl in Mannheim, Aloysia Weber, and was desperate to get back to her, nor when he did get back to her and she chucked him out. Or indeed of the years of frustration in Salzburg."

She mentioned the last three symphonies, written in seven weeks for no commission. "The finale of the Jupiter is one of the most brilliant pieces of music ever written by anyone. It is the most exuberant, the most... sort of... effortlessly brilliant piece of musical construction."

"How come he did that when we know that he was desperately writing begging letters at the time to



Private View

A woman who hides in the limelight

Christian Tyler meets the conductor Jane Glover

his fellow Masons. You have to divorce the man from the product."

Or divorce the woman from the product. Is it fear of being applauded, like Dr Johnson's dog, not for doing it well but for doing it at all that makes Jane Glover so fulsome about music but so cryptic about herself? Or is it just old-fashioned, English upper-middle-class inhibition?

Yet another favourite composed is from our own age: Benjamin Britten. I asked why.

"Well again I can't explain it. Why's your favourite colour green?"

Do they have anything in common?

"Quite a lot. Not least the fact that Britten was a very good Mozartian, as I'm sure you know. And I think there's something about the discipline and a sort of classical restraint in Ben which may be simply an Englishness in him."

She has put many more up-to-the-minute works into her orchestra's repertoire and declares an affinity for almost every composer but Wagner. I suggested Wagner was a medical condition, like dandruff: people either had it or they didn't. "Some people do catch it, too," she said. But she couldn't, or wouldn't, explain her dislike further.

I crossed the line. Do you have time for social life?

"Oh yes. But it's rather crammed into precious corners."

You're not married, and haven't been. Do you contemplate marriage?

"More and more are of course. You should talk to Sian Edwards

who's just about to have a baby."

I asked whether she had any career preferences if, as seems likely, she will very soon move on from her success with the London Mozart players.

"No, absolutely not. No, heavens. It's very important to have relationships."

"Look, sorry," she added. "I am really a very private person. So much of my life is in the public eye that my private life is desperately important. I'd much prefer that you didn't talk about my private life at all."

She let out a sort of cry, whose meaning was not clear. "I haven't ruled it out at all."

You haven't put it aside for the sake of your career?

"No, absolutely not. No, heavens. It's very important to have relationships."

"If you really have to pin me down - I slightly resent being pinned down - I would say opera is where I feel very at home. I feel very at home in theatres."

Why's that?

"Dunno. Just do. Always have. I adore theatres."

Do you have it in the family? (Her

close friends are actors.)

I asked about the glamorous long black dress.

"The preoccupation with looks, with dress and make-up and hair and so on is part of the pre-concert ritual, and it is quite comforting. It's quite ludicrous, of course, because I spend all that time putting slap on my face and then spend the entire evening with my back to the audience."

"I suppose it is rather like an actor getting into costume. It's a very necessary preamble to going out there and giving a performance. When we do occasionally do concerts in casual clothes it does feel quite different."

"I choose my evening wear with tremendous care and I love it. It's a lovely part of the business."

I like wearing long black frocks. I enjoy clothes. Who doesn't?"

Jane Glover says she is shy, which surprised me. And that she has no ambition, which surprised me even more.

"If you really wanted to pin me down to an ambition in life I would ask of life to achieve some sort of wisdom and peace of mind and great fun, in roughly equal quantities."

It wasn't a very exciting answer. I suggested she could achieve a lot of that by sitting in a barrel like Diogenes.

"No, no, no, no. Anyway, I'm not when I'm conducting opera. I'm in the pit. Maybe that's why I like it because I'm out of sight. I feel very at home in a theatrical context, with actors and singers. A lot of my

father taught classics at Ampleforth College, a monastic public school in north Yorkshire, where she was born.)

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In the blood?

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Do you like performing?

"I would have been a lousy actor."

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